

**COMPENSATION OF MILITARY PERSONNEL AND
GOVERNMENT EMPLOYEES FOR LOSS OF PERSONAL
PROPERTY INCIDENT TO THEIR FOREIGN SERVICE**

HEARING
BEFORE THE
SUBCOMMITTEE ON ADMINISTRATIVE LAW
AND GOVERNMENTAL RELATIONS
OF THE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES
NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 6086 and Companion Measures

PERSONAL PROPERTY LOSSES OF UNITED STATES CIVILIAN
AND MILITARY PERSONNEL RESULTING FROM EVACUATION
FROM A FOREIGN COUNTRY OR FROM ACTS OF VIOLENCE
DIRECTED AGAINST THE UNITED STATES OR ITS REPRESENTATIVES IN A FOREIGN COUNTRY

FEBRUARY 6, 1980

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(III)

COMPENSATION OF MILITARY PERSONNEL AND GOVERNMENT EMPLOYEES FOR LOSS OF PERSONAL PROPERTY INCIDENT TO THEIR FOREIGN SERVICE

WEDNESDAY, FEBRUARY 6, 1980

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ADMINISTRATIVE
LAW AND GOVERNMENTAL RELATIONS
OF THE COMMITTEE ON THE JUDICIARY,
Washington, D.C.

The subcommittee met at 1:45 p.m., in room 2226 of the Rayburn House Office Building; Hon. George E. Danielson (chairman of the subcommittee) presiding.

Present: Representatives Danielson, Mazzoli, Hughes, Harris, Moorhead, and Kindness.

Staff present: William P. Shattuck, counsel; Alan F. Coffey, Jr., associate counsel; and Florence McGrady, clerk.

Mr. DANIELSON. A quorum being present, the subcommittee will come to order.

This afternoon we will hear testimony on the bills H.R. 6086 and related bills, all of which relate to the problem of trying to provide some adequate form of compensation to government employees who lost a considerable amount of their property in the evacuation from Iran and also similarly from the Pakistani evacuation at a more recent date.

[The bills referred to follow:]

(1)

96TH CONGRESS
1ST SESSION

H. R. 2828

To increase from \$15,000 to \$30,000 the maximum amount that may be allowed by the head of a Federal agency in settlement of claims for loss of personal property incident to the service of an individual who is a member of the uniformed services or a civilian employee of the Federal Government.

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 1979

Mr. BONER introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To increase from \$15,000 to \$30,000 the maximum amount that may be allowed by the head of a Federal agency in settlement of claims for loss of personal property incident to the service of an individual who is a member of the uniformed services or a civilian employee of the Federal Government.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That section 3 of the Military Personnel and Civilian Em-
- 4 ployees Claims Act of 1964 (31 U.S.C. 241) is amended by

I—E

3

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1 striking out "\$15,000" in subsections (a)(1) and (b)(1) and
2 inserting in lieu thereof "\$30,000".

3 SEC. 2. The amendments made by the first section of
4 this Act shall be effective with respect to claims arising after
5 December 31, 1978.

96TH CONGRESS
1ST SESSION

H. R. 3487

To amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from \$15,000 to \$25,000 the maximum amount that the United States may pay to a member of the Armed Forces or to an officer or employee of the United States in settlement of a claim by such member or such officer or employee for losses incident to service as a member of the Armed Forces or an officer or employee of the United States and to eliminate such maximum in certain circumstances.

IN THE HOUSE OF REPRESENTATIVES

APRIL 5, 1979

Mr. LaFALCE introduced the following bill; which was referred to the Committee on the Judiciary.

A BILL

To amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from \$15,000 to \$25,000 the maximum amount that the United States may pay to a member of the Armed Forces or to an officer or employee of the United States in settlement of a claim by such member or such officer or employee for losses incident to service as a member of the Armed Forces or an officer or employee of the United States and to eliminate such maximum in certain circumstances.

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1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subsections (a) and (b) of section 3 of the Military
4 Personnel and Civilian Employees Claims Act of 1964 (31
5 U.S.C. 241 (a) and (b)), are amended—

6 (1) by striking out "\$15,000" in the first sentence
7 of paragraph (1) and inserting in lieu thereof
8 "\$25,000"; and

9 (2) by inserting after the first sentence in para-
10 graph (1) the following new sentence: "The monetary
11 limitation imposed by the preceding sentence shall not
12 apply to claims by members of the uniformed services
13 or civilian officers or employees for damage or loss of
14 personal property incident to service in a foreign coun-
15 try if such damage or loss resulted from an evacuation
16 of such member or such officer or employee from such
17 foreign country by order of the Secretary of State."

18 (b) The amendments made by this Act shall apply only
19 to claims arising after January 1, 1979.

96TH CONGRESS
1ST SESSION

H. R. 5706

To amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from \$15,000 to \$25,000 the maximum amount that the United States may pay to a member of the Armed Forces or to an officer or employee of the United States in settlement of a claim by such member or such officer or employee for losses incident to service as a member of the Armed Forces or an officer or employee of the United States and to increase the maximum from \$15,000 to \$35,000 in certain circumstances.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 25, 1979

Mr. LaFALCE introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from \$15,000 to \$25,000 the maximum amount that the United States may pay to a member of the Armed Forces or to an officer or employee of the United States in settlement of a claim by such member or such officer or employee for losses incident to service as a member of the Armed Forces or an officer or employee of the United States and to increase the maximum from \$15,000 to \$35,000 in certain circumstances.

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2

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subsections (a) and (b) of section 3 of the Military
4 Personnel and Civilian Employees Claims Act of 1964 (31
5 U.S.C. 241 (a) and (b)), are amended—

6 (1) by striking out "\$15,000" in the first sentence
7 of paragraph (1) and inserting in lieu thereof
8 "\$25,000"; and

9 (2) by inserting after the first sentence in para-
10 graph (1) the following new sentence: "The monetary
11 limitation imposed by the preceding sentence shall be
12 \$35,000 for claims by members of the uniformed serv-
13 ices or civilian officers or employees for damage or loss
14 of personal property incident to service in a foreign
15 country if such damage or loss resulted from an evacu-
16 ation of such member or such officer or employee from
17 such foreign country by order of the Secretary of
18 State."

19 (b) The amendments made by this Act shall apply only
20 to claims arising after January 1, 1979.

96TH CONGRESS
1ST SESSION

H. R. 6086

To provide for the settlement and payment of claims of civilian and military personnel against the United States for losses in connection with the evacuation of such personnel from a foreign country.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 1979

Mr. DANIELSON (for himself and Mr. MOORHEAD of California) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To provide for the settlement and payment of claims of civilian and military personnel against the United States for losses in connection with the evacuation of such personnel from a foreign country.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the Military Personnel and Civilian Employees' Claims
- 4 Act of 1964 (78 Stat. 767, 31 U.S.C. 240 et seq.) is amend-
- 5 ed by adding at the end thereof the following new section:
- 6 "SEC. 9. (a) Subject to any policies that the President
- 7 may prescribe, the head of any agency, or his designee, may

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1 settle and pay not more than \$40,000 for any claim against
2 the United States made by a member of the uniformed serv-
3 ices under the jurisdiction of that agency or by a civilian
4 officer or employee of that agency for damage to, or loss of,
5 personal property in a foreign country which damage or loss
6 (1) was incident to the service of such member, officer, or
7 employee, who was evacuated from that country on or after
8 December 31, 1978, in accordance with a recommendation
9 or order of the Secretary of State or other competent authori-
10 ty which was made in connection with incidents of political
11 unrest in that country or hostile acts by people in that coun-
12 try, and (2) resulted from that evacuation or from any such
13 incident or hostile act.

14 “(b) The head of the agency, or his designee, authorized
15 under subsection (a) to settle and pay a claim of a person
16 described in such subsection may, if such person is deceased,
17 settle and pay any claim made by the decedent's surviving (1)
18 spouse, (2) children, (3) father or mother, or both, or (4)
19 brothers or sisters, or both, that arose before, concurrently
20 with, or after the decedent's death and is otherwise covered
21 by this section. Claims of survivors shall be settled and paid
22 in the order set forth in the preceding sentence.

23 “(c) A claim may be allowed under this section only if it
24 is presented in writing within two years after the claim ac-

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1 crues, or within one year after the date of the enactment of
2 this section, whichever is later.

3 “(d) The head of each agency shall issue regulations to
4 carry out this section. The same standards applied in adjudi-
5 cating a claim under section 3 of this Act shall be applied in
6 adjudicating a claim under this section. Any claim to which
7 this section applies but which has been adjudicated under
8 section 3 of this Act by the applicable head of an agency
9 before the date of the enactment of this section shall not be
10 adjudicated under this section, but any amount of loss adjudi-
11 cated under such section 3 in connection with that claim
12 which has not been paid shall be payable to the extent per-
13 mitted in this section.

14 “(e) Upon payment of a claim under this section, the
15 United States shall, to the extent of the amount of such pay-
16 ment, be subrogated to any right or claim, with respect to the
17 same damage or loss for which the claim under this section
18 was paid, that the claimant may have against the foreign
19 country in which that damage or loss occurred.”.

96TH CONGRESS
1ST SESSION

H. R. 6099

To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the United States by members of the uniformed services and civilian officers and employees for damage to, or loss of, personal property incident to their service.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 1979

Mr. RODINO (by request) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the United States by members of the uniformed services and civilian officers and employees for damage to, or loss of, personal property incident to their service.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 3 of the Military Personnel and Civilian Em-
4 ployees' Claims Act of 1964, as amended (78 Stat. 767, as
5 amended; 31 U.S.C. 241), is amended as follows:

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1 (1) by striking out "\$15,000" in subsection (a)(1)
2 and inserting in place thereof "\$25,000";

3 (2) by striking out "\$15,000" in subsection (b)(1)
4 and inserting in place thereof "\$25,000"; and

5 (3) by inserting the following new subsection:

6 "(g) Notwithstanding the monetary limitation im-
7 posed in subsection (a)(1) and (b)(1), or any other pro-
8 vision of law, and subject to any policies the President
9 may prescribe, the Secretary of a military department,
10 the Secretary of Transportation with respect to the
11 Coast Guard when it is not operating as part of the
12 Navy, the Secretary of Defense, or the head of any
13 other agency or his designee may, under such regula-
14 tions as he may prescribe, settle and pay a claim
15 against the United States for not more than \$35,000
16 made by a member of the uniformed services or by a
17 civilian officer or employee under the jurisdiction of the
18 department, agency, or the Coast Guard, concerned,
19 for damage to, or loss of, personal property incident to
20 service outside the United States and possessions or
21 trust territory of the United States, when competent
22 authority orders evacuation for reasons which create
23 imminent danger to the life or lives of the member, of-
24 ficer, or employee, or his dependents or immediate
25 family, as the case may be. Claims arising from dam-

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1 age to, or loss of, personal property incident to service
2 under this subsection shall include such claims for dam-
3 age or loss as arise in circumstances which competent
4 authority determine precipitated an order of evacua-
5 tion.”.

6 SEC. 2. (a) The amendments provided in subsections (1)
7 and (2) of this Act shall apply to claims based upon damage
8 to, or loss of, personal property which occurs after the date of
9 the enactment.

10 (b) The amendment provided in subsection (3) of this
11 Act shall apply to claims based upon damage to, or loss of,
12 personal property which occurs after December 31, 1978.

Mr. DANIELSON. We have actually three witnesses scheduled. The hour is 1:45, which leaves us 75 minutes. And I am going to be very careful about this and limit everyone not to exceed 25 minutes. In order to be fair and hear everybody—otherwise we hear one witness and then the other two are heard in the last 5 minutes—I don't choose to do it that way. So, we will start out with Hon. John J. LaFalce, of New York, who put in a bill long ago. I forgot which one yours was, John. H.R. 3487, introduced in April 1979. And you subsequently put in an amended or changed version, H.R. 5706. They all relate to the same subject matter.

But, John, you may proceed. We will first receive your entire written statement in the record, so that you are free to proceed in your most persuasive manner without being tied to your written statement.

TESTIMONY OF HON. JOHN J. LAFALCE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. LAFALCE. Thank you, Mr. Chairman. I will take no more than 5 minutes of the subcommittee's time. I want to thank the subcommittee for giving me the opportunity to address an issue on which I have been concerned for almost a year now; namely, the financial impact of sudden evacuation on our military and U.S. Government employees stationed overseas.

The hasty departure by these individuals and their families from their host country does not allow them time to pack their belongings or make the kind of preparation for relocation normally afforded those in Government service.

My remarks today will focus on one individual and his family whose personal experience is typical of many who were in Iran during the turmoil leading up to the overthrow of the Shah.

About 1 year ago, I was contacted by Lt. Col. Raymond Hengel. Lieutenant Colonel Hengel hails from my congressional district and was on temporary assignment at Lockport Air Force Base, about 20 miles outside of Buffalo, N.Y. He had been stationed with the Air Force in Tehran, Iran, with his wife and four children. All had enjoyed a relatively normal life in Iran for about 15 months before the trouble began which eventually led to the evacuation order by the Secretary of State. On February 4, 1979, Colonel Hengel was given notice to vacate Iran immediately. He had to leave behind almost everything that he and his family owned.

His wife and children had left Iran a couple of months before for what they thought would be a temporary visit to the States. Fully expecting to return to their home in Iran, they each took only the allowed luggage—one suitcase and one carry-on bag apiece. Of course, they never went back.

The Hengels, like all the evacuees, were happy to be safe. But they were also deeply saddened by the loss of the special things which can never be replaced—family photographs and other mementoes of 16 years of military service, et cetera. But added to the frustration of this kind of loss was the stark reality of having to set up housekeeping all over again in toto.

Colonel Hengel's estimated loss for just the necessities was over \$15,000. I am talking about dishes, bedding, towels, basic furniture,

and clothing. Add to this the loss of one's car, antiques from all over the world, the piano and all the other special items which make a home out of living quarters, and the total was well in excess of the \$15,000 claims limit allowed under current law.

After learning of Colonel Hengel's plight, I introduced on April 5, 1979, H.R. 3487, a bill to increase from \$15,000 to \$25,000 the amount the United States can pay in settlement of a claim for lost or damaged goods under normal circumstances, such as the relocation of an employee of the U.S. Government from one post to another, and, most importantly, the bill added a new section to the law to address claims resulting from evacuation by order of the Secretary of State.

In my first bill, I lifted the monetary limit entirely on a claim resulting from evacuation. However, in October 1979, I introduced a new bill, H.R. 5706. That bill would put a cap of \$35,000 on claims of this nature. It is my understanding that the administration supports the concepts as articulated in H.R. 5706. I believe Chairman Rodino has introduced, an almost identical version. In particular, the administration recognizes the need for special monetary treatment of evacuated personnel.

In sum, then, my bill does two things: It raises present \$15,000 coverage for lost or damaged goods to \$25,000; and provides an additional \$10,000 [for a total of \$35,000 altogether] for claims resulting from evacuation. Further, and most important, Mr. Chairman, it is retroactive to January 1, 1979.

Now, I appreciate the fact that you have introduced a somewhat different bill which would take care of evacuees even more generously than mine or Chairman Rodino's. But I think that also raising the cap on claims to \$25,000 would give added protection to our military and government employees.

The last time this act was amended was in 1974 when the claims limit was raised to \$15,000 from \$10,000. Another raise at this time, after almost 7 years of inflation [which has been 73 percent] would be most appropriate. The additional \$10,000 for claims resulting from evacuation is, I think, a modest request, representing a 66-percent increase over the present \$15,000.

Most importantly, if you should make the judgment to proceed with ———. I would understand the fiscal constraints which you feel require that approach at this particular time; although I think that equity for all situations, not just evacuees, would mandate an approach similar to the one in mine or Chairman Rodino's bill.

In any event, I do think it is imperative that your subcommittee act quickly in one direction or the other to provide some financial relief to the uprooted families formerly stationed in Iran.

Mr. DANIELSON. Thank you very much, Mr. LaFalce.

I fully understand the problem, and, therefore, I have no questions. I appreciate your contribution.

Mr. MAZZOLI. Mr. Moorhead.

Mr. MOORHEAD. I appreciate your being here, too. I think we all agree that something must be done about this problem, and we will try to work it out on the best terms we can.

Mr. MAZZOLI. John, I just have one question. Was the \$35,000 in your bill based on your experience with the gentleman you represent and his losses, or was this a figure that somehow you derived elsewhere?

Mr. LAFALCE. The figure that I somehow derived was from elsewhere—that is, it was planted in my ear by the administration. [Laughter.]

Mr. MAZZOLI. That answers the question very frankly. Thank you.

Mr. DANIELSON. Thanks a lot, John, for conserving time.

Our next witness will be the Department of State, represented by Thomas M. Tracy, Assistant Secretary, Bureau of Administration.

I understand, Mr. Tracy, you are accompanied by two or more persons. Why don't you all come forward? This is a friendly get-together that we would like to have with you.

Mr. DANIELSON. The lady is Deputy Assistant Secretary M. Virginia Schafer. The gentleman, James McDonnell, director of the Washington liaison group.

Mr. Tracy, I am again going to state what I did earlier. We will receive your entire statement in the record, which will do away with the need of your reading it in its entirety. But we do want you to make the points that you consider to be most persuasive. Bear in mind, we are not unaware of the problems raised by these situations. I must have received 200 to 250 letters myself, and I am conscious of the problem. I think we all are.

But proceed with your presentation.

TESTIMONY OF THOMAS M. TRACY, ASSISTANT SECRETARY, BUREAU OF ADMINISTRATION, UNITED STATES DEPARTMENT OF STATE; ACCOMPANIED BY M. VIRGINIA SCHAFER, DEPUTY ASSISTANT SECRETARY, AND JAMES P. McDONNELL, DIRECTOR, WASHINGTON LIAISON GROUP

Mr. TRACY. Mr. Chairman, thank you very much for affording us this opportunity to appear before the subcommittee. We appreciate it. And to save time, I will condense my statement.

The administration supports the present bill, but there are a number of points that I would like to make with regard to H.R. 6099; that is, that there are instances overseas where mob action or violence or political acts occur against our military and civilian personnel, which may not always be followed by formal evacuation orders. And I would like to point out a couple of examples. The most recent ones had occurred in Pakistan and Libya. There are others that undoubtedly will occur in the future.

An example of that is a mob destruction might be followed immediately by positive steps by the host government which would make a recurrence unlikely; therefore, an evacuation might not be necessary. Another possibility is that the American presence might already be so limited that a further evacuation might be impossible where it was essential to maintain diplomatic relations. This is currently the situation in Libya.

Our concern in the Department of State is that in solving this problem we should take into account the technical difficulty that it may not always be possible to order formal evacuations. That does occur, and has occurred recently.

Mr. DANIELSON. I would like to interrupt, if I may.

Mr. TRACY. Certainly.

Mr. DANIELSON. We have been working on some other language in the amendments which would recognize that fact. So it's not something we have overlooked, though I do appreciate your bolstering it with some testimony which will be in the record. But we've anticipated that there may be a need for language of that kind, and I think we have worked something out.

But go ahead.

Mr. TRACY. Excellent.

I think at this point, Mr. Chairman, I would like to throw it open to questions about the evacuations that we've had up to now and the problems that we've had.

[The complete statement of Mr. Tracy follows:]

STATEMENT OF THOMAS M. TRACY, ASSISTANT SECRETARY FOR ADMINISTRATION,
DEPARTMENT OF STATE

I am Thomas M. Tracy, Assistant Secretary of State for Administration. I appreciate the opportunity to appear today before the Subcommittee in support of legislation that would provide increased payments for service-related personal property losses by U.S. Government employees.

When the authority to reimburse employees for personal property losses was granted to civilian agencies just over fifteen years ago, it was agreed among the three largest foreign affairs agencies—State, AID and ICA (then USIA—that the claims program should be administered in such a manner that the employees of those agencies would be treated equally. Hence, we have joint regulations which govern the adjudication of claims by all employees of State, AID and ICA. Further, to avoid any possible differences in interpreting and applying these regulations at the posts where our employees are assigned, it was agreed that all claims would be processed and adjudicated at a central office in the Department. One of my immediate subordinates, the Deputy Assistant Secretary for Operations, has the authority delegated from the Secretary to approve or disapprove claims of State Department employees. Since AID and ICA use their own appropriated funds to pay for claims by their employees, the Deputy Assistant Secretary for Operations forwards to these two agencies recommendations for approval or disapproval. I believe this system results in equitable treatment for this large segment of civilian agency employees serving overseas.

The Department of State strongly endorses H.R. 6099. There is very little I can add to the supporting evidence submitted to the Congress by the Department of Defense in connection with H.R. 6099 regarding what might be described as "routine claims" (e.g. transportation/storage losses or damage; theft from quarters). The dramatic increase in consumer prices since the maximum amount allowable was last raised to \$15,000 fully justifies an increase of this ceiling to \$25,000.

I would now like to address the other feature of the bill that would provide for a maximum reimbursement of \$35,000 for what might be described as "catastrophic losses" caused by situations of political unrest and mob violence occurring overseas. The proposed language clearly would provide payment for losses in such situations when they occur in connection with the evacuation of U.S. Government officers and employees or their dependents. In fact, the language in H.R. 6099 was intended to provide additional reimbursement for the losses which occurred as a result of the evacuation of Americans from Iran last year.

While it is true that mob violence directed against U.S. foreign service posts led to evacuations in Iran and more recently in Pakistan on or about November 22, 1979 and Libya on or about December 4, 1979, this may not always be the case. For example:

Mob destruction might be followed by positive steps by the host government which would make a recurrence unlikely and therefore evacuation would not be necessary.

The American presence might already be so limited that a further evacuation would be impossible where it is essential that diplomatic relations be maintained.

In these situations, American personnel could be exposed to similar or even greater risks, and suffer precisely the same sort of losses as have personnel in Iran and Pakistan but would be ineligible for the proposed additional reimburse-

ment. Therefore, the Subcommittee may wish to examine whether an evacuation should be a precondition for the higher ceiling.

Mr. Chairman, your personal interest and the interest of other members of the Subcommittee is appreciated by employees at our overseas posts. While none of us can predict future events with certainty, I believe every effort should be made to ensure that our employees, whose assignments can and do involve considerable personal risks, at least are not financially penalized for their service to the government and the American people.

Finally, as requested by your staff, I would like to submit for the record a brief summary of activity in the claims program over the past year and a copy of a typical claim from an employee assigned to our Embassy in Pakistan.

November 5—Travel Advisory—Recommended postponement of all non-essential travel to Iran and advised American citizens to remain at home.

December 7—Voluntary temporary departure of official dependents to safe havens was authorized (Embassy did not order evacuation).

December 11—Embassy advised Americans to exercise extreme caution in any movement outside home in view of Ashura mourning period.

December 27—Embassy issued advisory for Americans to limit movement and, if necessary to go out, to stay in northern part of Tehran.

December 31—Embassy announced Phase I of the Emergency and Evacuation Plan. In addition to voluntary departure of dependents already underway, some employees will be ordered to leave and others out of the country will be directed not to return. Embassy coordinating with American companies for safe travel of their employees to airport.

Embassy assured that Iranian Air Force would provide air traffic control during controllers' strike. Iranian Air Force was ready to assist in evacuating Americans from more remote areas to Tehran.

January 30—Embassy announced Phase II ordering all USG dependents and non-essential personnel to depart.

Recommended that private Americans and companies follow same guidelines.

February 15—Embassy announced Phase Three. Embassy cannot guarantee safety of American citizens, advised departure and explained evacuation procedures.

February 16—Embassy gathered 4-500 Amcits on compound preparing for evacuation on the 17th of February.

February 17-22—Remaining Americans evacuated on 10 USG charter flights.

CLAIMS FOR PRIVATE PERSONAL PROPERTY LOSSES (STATE/AID/USICA)

[Jan. 1, 1979 to Jan. 28, 1980]

	Number	Amount
Claims paid:		
State.....	581	\$743,124.31
AID.....	122	161,063.65
ICA.....	87	69,463.92
Total.....	790	973,651.88
Of the above the following were caused by the situations in Iran and Pakistan:		
Iran:		
State.....	64	173,957.25
AID.....	0	0
ICA.....	14	9,006.15
Total.....	78	182,963.40
Pakistan:		
State.....	59	203,233.91
AID.....	2	8,202.00
ICA.....	9	20,667.65
Total.....	70	232,103.56
The adjudicated value of 6 State claims exceeds the \$15,000 limit as follows:		
(1).....		11,190.00
(2).....		11,487.00
(3).....		26,900.40
(4).....		25,956.00
(5).....		33,082.00
(6).....		26,351.52
Total.....		134,966.92

¹ The adjudicated value of 1 State claim exceeded the \$15,000 limit by \$2,393.83.

Note: The hostages now held in Tehran will undoubtedly have suffered losses and will file claims. In addition, not all employees who resided on the destroyed compound in Islamabad submitted claims.

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FO: (Agency) <input checked="" type="checkbox"/> STATE <input type="checkbox"/> ICA <input type="checkbox"/> AID <input type="checkbox"/> Other (specify)		STATE - AID - ICA CLAIM FOR LOSS OF OR DAMAGE TO PRIVATE PERSONAL PROPERTY Submit in Duplicate in accordance with 3 FAM 691.	
NAME OF CLAIMANT		GRADE FSC-06	POST OF ASSIGNMENT Washington
CURRENT ADDRESS		POST OF ASSIGNMENT AT TIME OF LOSS ISLAMABAD, PAKISTAN	
1. Claim is made in the amount of \$22,447.00 for personal property, listed in detail on the reverse side hereof, damaged or lost incident to service. All applicable certificates, statements, and other documents required by 3 FAM 691 are attached.			
2. I hereby assign to the United States, to the extent of any payment of this claim accepted by me, all my right, title and interest in and to any claim I may have against any carrier, insurer or other party (other than the amount indicated in 3 & 4 below) arising out of the incident(s) described herein and will, upon request, furnish such evidence as may be required to enable the United States to enforce such claim. I further agree to the checkage of my accounts by the United States to the extent of any payments made to me by a carrier, insurer, or other party for which I am also reimbursed by the United States in settlement of this claim.			
3. Was the property insured? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, attach copies of policy, demand on insurer and action taken.		AMT. CLAIMED \$ NA	AMT. PAID \$ NA
4. If claim arises from a transportation loss, complete the following: <input type="checkbox"/> Household Effects <input type="checkbox"/> Baggage <input type="checkbox"/> Automobile		BILL OF LADING NO. OR OTHER APPROPRIATE AUTHORIZATION	
RELEASED TO (Name of packer or carrier)	DATE	RELEASED AT (Actual location)	
DELIVERED AT (Address)		DATE	
Was demand for this loss or damage made against the common carrier? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enclose copies of demand on and action, taken by carrier. If no, attach explanation.		AMT. CLAIMED \$	AMT. PAID \$
5. Has any previous claim been made against the United States for the property for which this claim is made? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, explain.			
6. In the event any of the property for which claim is made is later recovered, or further reimbursement is received from the carrier or insurer, I agree to give written notice immediately to my Agency and to the extent that the Government has reimbursed me for such loss or damage, to make appropriate refund.			
7. The date, place, facts and circumstances of the accident or incident are stated below: (State facts in detail, adding additional sheets if necessary.) (If this is a transportation claim, complete 4 above and add any additional facts here.) <p style="text-align: center;">DURING THE ATTACK ON THE AMERICAN EMBASSY COMPOUND ON 21 NOVEMBER 1979 IN ISLAMABAD PAKISTAN, OUR HOME AND EFFECTS WERE TOTALLY DESTROYED BY FIRE.</p>			
CRIMINAL PENALTY FOR PRESENTING A FRAUDULENT CLAIM OR MAKING FALSE STATEMENTS: Fine of not more than \$10,000 or imprisonment for not more than 5 years or both (See 62 Stat. 698, 749; 18 U.S.C. 287, 1001.)			
CIVIL PENALTY FOR PRESENTING A FRAUDULENT CLAIM: The claimant shall forfeit and pay to the United States the sum of \$2,000, plus double the amount of damages sustained by the United States. (See R.S. Sec. 3490, 5438; 31 U.S.C. 231.)			
PRIVACY ACT STATEMENT: Pursuant to 31 USC 240-243 the information requested on this form constitutes a claim against the U.S. Government and is used in the adjudication of that claim as indicated in 3 FAM 691. Without the information requested the action agency cannot process the claim.			
8. I make this claim with full knowledge of the penalties involved for willfully making a false claim.			
ADDRESS TO WHICH CHECK IS TO BE MAILED PLEASE HOLD AT FOREIGN SERVICE LOUNGE		SIGNATURE OF CLAIMANT (OR AGENT)	DATE 21 Nov 79

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SCHEDULE OF PROPERTY						
Quantity	Name of Article (Include trademark or brand name, if known)	Date of Purchase or Acquisition	Purchase Price of Each, or Value at Time of Acquisition (If Acquired Other Than by Purchase)	Total Value When Lost or Destroyed	If Damaged Only, Estimate Damage Sustained	Allowed Value (For Adjudicating Officer's use only)
	shoes, winter coat)	78-79	\$	500.00		
1	Boy's 3pc dress suit	1979		125.00		
	Girl's clothing: (8yrs old)	1979		375.00		
	(shirts, skirts, pants, dresses, underwear)					
	Kitchenware:	1979		820.00		
	(cupperware, bowls, freezer containers, pitchers, etc., drinking glasses, juice glasses, serving platters, service for eight Corelle living ware, canister sets, cooking utensils)					
1	Set Thai Bronzeware for 8	1975		75.00		
1	Set Oneida Flatware for 12	1979		125.00		
1	set Gold Flatware for 12	1978		75.00		
	Appliances: (4 qt. cooker, 6-qt cooker, Mr. Coffee coffee pot, G.E. 4 slice toaster, mixing blender,					
	TOTALS			2095.00		

(If insufficient space for all items, add additional sheets retaining columnar arrangement)

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SCHEDULE OF PROPERTY						
Quantity	Name of Article (Include trademark or brand name, if known)	Date of Purchase or Acquisition	Purchase Price of Each, or Value at Time of Acquisition if Acquired Other Than by Purchase	Total Value When Lost or Destroyed	If Damaged Only, Estimate Damage Sustained	Allowed Value (For Adjudicating Officer's use only)
	Waring can opener, Waring ice cream freezer, Rival grill, Jovennette by West Bend)	1979		300.00		
	Pots + Pans: (1, 2, 3 qt. sauce pans, 4 frying pans, Dutch oven, baking dishes, muffin tins, pizza pans, cookie sheets, bread pans)	1979		400.00		
1	Set for 12 - Pfaltzgraff dinnerware "Old Village" pattern w/ serving pieces, coffee + tea pot, etc. (large pans, cheese tray, extra bowls + platters)	1979		600.00		
1	Complete service glassware to match dinnerware for 12, water, wine + old-fashioned)	1979		150.00		
TOTALS				1,450.00		

(If not sufficient space for all items, add additional sheets retaining columnar arrangement)

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SCHEDULE OF PROPERTY						
Quantity	Name of Article (Include trademark or brand name, if known)	Date of Purchase or Acquisition	Purchase Price of Each, or Value at Time of Acquisition (If Acquired Other Than by Purchase)	Total Value When Lost or Destroyed	If Damaged Only, Estimate Damage Sustained	Allowed Value (For Adjudicating Officer's use only)
1	set silver candlesticks	1967		60.00		
	table linens: tablecloths, napkins, placemats - for 8	1978		300.00		
	Beaded Curtains - Thai	1975		25.00		
	Christmas tree ornaments	1965-1977		300.00		
	8 pcs luggage -	1979		400.00		
2	trunks - large steamer	1975		200.00		
	weights 125lb. + bench	1979		90.00		
1	Polaroid camera	1978		90.00		
1	Canon FTB camera	1978		260.00		
1	KODAK 8mm movie camera	1977		50.00		
1	Airequipt slide projector movies/slides	1976		80.00		
		67-1979		200.00		
1	Panasonic 8-track, AM/FM Record changer w/2 speakers	1979		150.00		
	TOTALS			2205.00		

(If not sufficient space for all items, add additional sheets retaining columnar arrangement)

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SCHEDULE OF PROPERTY						
Quantity	Name of Article (Include trademark or brand name, if known)	Date of Purchase or Acquisition	Purchase Price of Each, or Value at Time of Acquisition if Acquired Other Than by Purchase	Total Value When Lost or Destroyed	If Damaged Only, Estimate Damage Sustained	Allowed Value (For Adjudicating Officer's use only)
1	spoon collection (40 sterling silver spoons)	6-7-1979		250.00		
1	FOOD STUFFS on hand including liquor, all canned goods, meats, etc.)	1979		800.00		
	Books - (hard backs, cookbooks, Encyclopedia Britannica '77, paper-backs)	70-1979		1000.00		
	AKai tape recorder, Dual turntable, Panasonic 300-watt amplifier, 4-channel, Kenwood speakers, Panasonic cassette player, Toshiba radio,	1975		2000.00		
1	Black & white G.E. T.V.	1975		125.00		
1	Odyssey TV game	1979		80.00		
	Record Albums, records, tapes, cassettes, 8-tracks	67-1979		400.00		
TOTALS				\$665.00		

(If not sufficient space for all items, add additional sheets retaining columnar arrangement)

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SCHEDULE OF PROPERTY						
Quantity	Name of Article (Include trademark or brand name, if known)	Date of Purchase or Acquisition	Purchase Price of Each, or Value at Time of Acquisition if Acquired Other Than by Purchase	Total Value When Lost or Destroyed	If Damaged Only, Estimate Damage Sustained	Allowed Value (For Adjudicating Officer's use only)
	Knick-knacks - Copium weights, elephants, pictures misc. items from our 5 previous tours)	1967-79		500.00		
3	Brass lamps	1979		250.00		
	<u>linens:</u>					
20	BATH towels, face cloths, hand towels	1979		400.00		
10	fitted sheets - twin	1979		90.00		
3	sets King size sheets	1979		60.00		
15	twin regular sheets	1979		120.00		
20	pillow cases	1979		30.00		
4	Regular pillows	1979		40.00		
2	King size pillows	1979		50.00		
6	winter blankets - double size	1978		100.00		
1	King size blanket	1978		40.00		
1	King size electric blanket	1978		50.00		
4	bath sets w/curtains	1979		250.00		
1	vacuum cleaner - Sears	1977		200.00		
1	set tools & box (includes drill & electric saw)	77-1979		200.00		
TOTALS				2,660.00		

(If not sufficient space for all items, add additional sheets retaining columnar arrangement)

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SCHEDULE OF PROPERTY						
Quantity	Name of Article (Include trademark or brand name, if known)	Date of Purchase or Acquisition	Purchase Price of Each, or Value at Time of Acquisition if Acquired Other Than by Purchase	Total Value When Lost or Destroyed	If Damaged Only, Estimate Damage Sustained	Allowed Value (For Adjudicating Officer's use only)
1	Card table + 4 chairs (samsonite)	1979		60.00		
1	Ironing board	1979		10.00		
2	Trunks (travel + regular)	1979		30.00		
2	Outdoor lounge chairs	1979		30.00		
4	Outdoor folding chairs	1979		32.00		
1	lawn mower	1979		125.00		
1	picnic table (redwood)	1979		50.00		
	Garden tools, hoses	1979		150.00		
2	"oscar" Coleman coolers	1979		30.00		
1	SET TV TRAYS	1979		30.00		
3	sleeping bags	1979		90.00		
2	Outdoor tents	1979		20.00		
2	NODOR DART BOARDS	1979		60.00		
1	OUTDOOR GRILL	1979		50.00		
	JEWELRY:					
	Diamond earrings - studs	1977		200.00		
	BLUE sapphire diamond ring	1975		275.00		
	Pearl ring	1975		150.00		
	malachite gold dinner ring	1973		150.00		
	RAISED AFRICAN HEED + gold filigree ring	1973		400.00		
	gold nugget ring	1973		250.00		
	Miscellaneous costume jewelry	1979		200.00		
	TOTALS			2452.00		

(If not sufficient space for all items, add additional sheets retaining columnar arrangement)

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SCHEDULE OF PROPERTY						
Quantity	Name of Article (Include trademark or brand name, if known)	Date of Purchase or Acquisition	Purchase Price of Each, or Value at Time of Acquisition (If Acquired Other Than by Purchase)	Total Value When Lost or Destroyed	If Damaged Only, Estimate Damage Sustained	Allowed Value (For Adjudicating Officer's use only)
3	blow dryers, 800, 1000 & 1200 watts	1979		40.00		
1	electric typewriter	1978		160.00		
1	Singer sewing machine w/ cabinet & all sewing supplies, material etc	1975		800.00		
	Personal toiletries, make-up etc	1979		150.00		
1	set Laura Baugh golf clubs - full set	1979		200.00		
1	set men's golf clubs full set	1978		200.00		
	TOYS					
	games, electronic football, puzzles, 2 B.B. Guns, skateboard & helmet, telescope, microscope, erector set, 2 tennis rackets, models, baseballs, 3 leather baseball gloves, miscellaneous					
TOTALS				1,510		

(If not sufficient space for all items, add additional sheets retaining columnar arrangement)

Mr. DANIELSON. For the sake of the record, I will just give you a couple of quick questions.

Do you know what the date was for Pakistan? You've referred to Pakistan, but no date is given and I would like to have that.

Mr. TRACY. November 21 was the date the embassy was attacked and evacuated.

Mr. DANIELSON. November 21, 1979?

Mr. TRACY. That's correct.

Mr. DANIELSON. What was the date of Libya?

Mr. TRACY. December 2, 1979.

Mr. DANIELSON. Just briefly, will you give us a thumbnail description of what happened in Pakistan? Let me explain what I am trying to do. I want something to be in the record of these proceedings to support the legislation when we get farther down the line, and also to support it in the event there should unfortunately be a reoccurrence sometime in the future. So, tell us briefly, if you will, what happened in Pakistan.

Mr. TRACY. Yes. Unfortunately, without any warning at all a large mob assembled near the embassy and attacked the embassy. The housing unit behind the embassy, which housed many of our administrative, technical, and support personnel, were next door to each other. The mob was estimated to be about 10,000 people. It attacked the embassy over a 6½ hour period. The embassy was burned to the ground. There were a number of Pakistani and American citizens killed in the action. Most of the embassy employees and some visitors to the embassy had to flee to the communications center in the embassy, where they were held for many hours while the embassy was burning.

Finally, when conditions got so bad and it appeared that they might die in the communications center, they used the escape hatch through the roof, went across the roof and went down and were rescued. In all told, many of the employees and some of their family members were there up to 6 or 7 hours in that burning building. So it was a very difficult time.

While this was going on, the mob swirled on past the embassy into the housing area and burned the entire embassy housing compound.

Mr. DANIELSON. This is housing in which our embassy employees and their families were housed?

Mr. TRACY. Yes, that's correct. And deaths of American citizens took place there.

All of their household effects, their automobiles, all the things that make a living quarters, were destroyed.

Mr. DANIELSON. Personal property?

Mr. TRACY. Were destroyed completely. There was virtually nothing left.

As a result of that, the Department of State ordered large numbers of people—all dependents and all but the most essential core personnel—to leave Pakistan. This included not only Islamabad but also Lahore, Karachi, and Peshawar.

Mr. DANIELSON. It's my understanding, sir, that they all left within 24 hours.

Mr. TRACY. That is correct. They left as fast as we could get a Pan American plane chartered to get in there and take them out. We evacuated on that plane 388 people.

Mr. DANIELSON. There was an order of evacuation from competent authority to remove them?

Mr. TRACY. It would be a partial evacuation, since we did, of course, leave essential personnel or core personnel at the embassy.

Mr. DANIELSON. But they left pursuant to an order, and the order followed the event.

Mr. TRACY. Yes; it would have had to, in that case.

Mr. DANIELSON. With your permission, I am going to amend your written statement, which is in the record, to following the word "Pakistan" to insert: "on or about November 21, 1979." And for Libya I will do the same thing: "on December 2, 1979." Is that acceptable to you?

Mr. TRACY. Yes; it is.

Mr. DANIELSON. Fine. The last point that I have for you with respect to Iran—it's my understanding that many of those who were evacuated were restricted to one or two pieces of luggage. Is that true?

Mr. TRACY. Yes; that is correct.

Mr. DANIELSON. Assume you have a family of two plus children. Would that mean eight pieces of luggage or two pieces of luggage?

Mr. TRACY. That would normally mean two pieces of luggage per person.

Mr. DANIELSON. Per person.

Also, with respect to Iran, we did not close down our embassy. It wasn't closed at that time. We did have a fairly substantial corps of employees that remained.

Mr. TRACY. That's correct.

Mr. DANIELSON. Were there efforts to mitigate the loss by having the corps that remained in Iran marshal together the properties of those who had been evacuated and endeavor to ship their properties to them?

Mr. TRACY. As you may know, Mr. Chairman we had prior to the problems in Iran, a very large number of official American citizens residing there. Many of the installations were away from the embassy itself. The military had installations several miles away from the embassy and also in different cities.

I believe that we did in Tehran itself, make efforts to collect people's belonging and get out what we could. But the problem, of course, is that when you leave suddenly in those circumstances, your apartments are often entered and things are taken, and there was considerable looting.

Mr. DANIELSON. I don't know if I stated my question carefully enough. I am sure there was a great deal of loss. But was there any effort at all made to mitigate the loss?

Mr. TRACY. Yes, sir.

Mr. DANIELSON. There was. And you do have enough record on that to add that component into your computation?

Mr. TRACY. Yes, we were able to reduce the losses by collecting the property of the evacuees.

Mr. DANIELSON. Thank you. That's all of my questions on that point.
Mr. Mazzoli?

Mr. MAZZOLI. Mr. Chairman, I certainly think there is going to be a lot of sympathy on the part of the committee for some method to help these people. I am just curious as to the current situations today in other parts of the world. Are the people who are stationed overseas—military, civilian—under any different directives or any different urgencies now than they may have been last summer, as to what they can keep, what possessions they should buy, what materials they should be acquiring for themselves?

Mr. TRACY. Well, in the Middle East, there is a large number of countries where either we don't permit dependents to go at the moment, or have removed them; and they came out with some of their belongings at that time.

The problem that you have, for example, in Iran was trying to decide whether we should ship everything out to minimize the risk of loss, at some considerable expense to the Government, or to remove some of the things to other neighboring countries and hope that we would not have incidents there.

With regard to things that were kept—personal possessions, those things that you could carry with you and air freight up to 100 pounds per person—we have not had significant damage as of now.

The attack on Libya was on the Embassy, which is not located near the living quarters. And so most of the destruction of property there was government property, rather than individual property.

Mr. MAZZOLI. I was wondering if when we solve the problem with regard to people who have left Iran or left Pakistan, we haven't really limited the future attention of this committee to something that might occur later. Perhaps a minimization of the damage could be occurring today right now by simply requesting people not to acquire property, or if they acquire it, to send it back home, or not to have, in a sense, a lot of possessions on hand.

You know, I've never been posted abroad, but I'm sure there's a need to have things around you to make you feel like you're a human being and that you're an American. But on the other hand, we've had many cases in here of people with antique collections, teak and jade, and cuckoo clocks and whatever. I think that's wonderful, but I'm just wondering if there's any effort being made to encourage our people not to unnecessarily expose themselves to this kind of a problem.

Mr. TRACY. I think you have a fair point, and I think unfortunately we seem to be entering a period where mob violence and action against embassies and installations seem to be much more common than it used to be.

One of the things in the Department of State that I think we'll have to address is the question of whether in many instances we wouldn't be better off providing Government furnishings and minimizing the risks.

Let me mention, though, that many people spend 15 or 20 years overseas, at least in the State Department, and they have acquired property over years and years, and they may not have been back to the United States in a long time, and they take them from post to post. That's often the case, and it presents a problem.

But frankly, I think where I could come out is that in high risk areas, we're probably better off providing government housing and furnishing and minimizing the amount of personally owned property. That won't help on things like automobiles and china and silverware, for instance, or jewelry.

Mr. MAZZOLI. Thank you, Mr. Chairman.

Mr. DANIELSON. Mr. Moorhead?

Mr. MOORHEAD. Thank you.

One thing I was wondering about, when you have to evacuate and individuals have to leave with one or two suitcases, what kind of effort do you have to store the other materials where they would be safe so that you can get them at a later time?

Mr. TRACY. We do a number of things. It depends on the circumstances. In Pakistan, of course, we tried to move people out as quickly as possible because there had been deaths and people had been injured. But in a number of posts in the Middle East including Lebanon, Iran, and Afghanistan, we did move high-value personal property out of those countries as conditions deteriorated.

Mr. MOORHEAD. Pakistan is still a friendly country in spite of the fact that the mob wasn't very friendly.

Mr. TRACY. Yes. It becomes very difficult at times when you're dealing with evacuating personnel because the countries often feel that it's a reflection of their relationship with us if we move people out. If we move everyone out, we have in effect broken our relations. It becomes very tricky.

Mr. MOORHEAD. Can you give me some idea of the number of claims each year that would exceed the \$15,000 maximum?

Mr. TRACY. Yes, I can.

Mr. MOORHEAD. In the nonemergency cases.

Mr. TRACY. We've had four in the last year for the Department of State that were not emergency cases. Of emergency cases in Pakistan, we have processed six State claims that were in excess of \$15,000. The excess ranged from \$11,190 to \$26,351 above the \$15,000 limit. Of course, Pakistan was a bit unusual in that employees lost automobiles as well as household effects. There were substantial losses there.

Mr. MOORHEAD. Just as a matter of policy, one thing that I'm curious about—and that is whether it would be a benefit to discourage individuals to not have more than the \$15,000 amount that is not insured overseas?

Mr. TRACY. One of the problems of this kind of loss where you have mob action is that many of the individuals themselves have private insurance that is higher than that, but of course the insurance companies won't honor claims due to mob action or civil disorder.

Mr. MOORHEAD. I'm talking about in the nonemergency cases, should we raise that \$15,000 maximum in the nonemergency cases? Wouldn't we be encouraging them to either not cover themselves by insurance or to have thousands and thousands of dollars worth of materials with them that has to cost the government more money one way or the other?

Mr. TRACY. I see. In effect, you're making a distinction between—

Mr. MOORHEAD. Two situations.

Mr. TRACY. Violence in the United States, which would normally be a commercial kind of loss and damage, and those overseas. I don't know. It's possible that what you suggest would occur. I'd have to ask my colleagues if we have any evidence of that.

Mr. McDONNELL. I think, sir, it's rather the reverse. As Congressman LaFalce testified, it's the replacement cost of the items which dictates the higher limits as proposed in H.R. 6099.

Mr. MOORHEAD. These things have gone up in value so much, and so forth.

Another question I have, for the people who have been evacuated from Iran, Pakistan, and Libya, have some of them already claimed casualty loss deductions under income taxes? So, that if we raised the amount they would receive, they would actually be getting their money twice?

Mr. McDONNELL. I don't know if any of the recent evacuees have in fact claimed casualty losses. I do know that in the case of Vietnam and Cambodia, some employees did attempt to take casualty losses for that portion of the loss for which they weren't reimbursed by the government. And as is frequently the case, I'm told, with IRS, it was allowed in some cases and disallowed in others.

Mr. MOORHEAD. What kind of a distinction did they make?

Mr. McDONNELL. I think it depended on which district you filed in.

Mr. MOORHEAD. In other words, there was no consistency in the IRS position?

Mr. DANIELSON. If the gentlemen please, I think that's a problem for the IRS rather than the State Department.

Mr. MOORHEAD. It's something that does affect us, however, if we're going to reimburse them for something that's already been deducted?

Mr. TRACY. I think the statement that was made earlier was that, in effect, the \$15,000 being raised to \$25,000 is really just keeping pace with inflation since 1973 in the Consumer Price Index.

Mr. MOORHEAD. Thank you very much.

Mr. DANIELSON. Mr. Kindness?

Mr. KINDNESS. Thank you, Mr. Chairman, and I apologize for not being here earlier. If I ask a question about something I've missed, I extend my apology to the witnesses.

Do I understand correctly that there were in the State Department approximately four cases in the last year of claims in excess of \$15,000?

Mr. TRACY. Those were non-emergencies. In other words, those were claims that resulted from events, transportation accidents, or that sort of thing, that did not result from an evacuation order.

Mr. KINDNESS. Normal operations.

Mr. TRACY. That's right. In Pakistan, we had in the State Department—and, of course, other departments had claims—but in the State Department, we had six claims out of Pakistan that exceeded the \$15,000 limit.

Mr. KINDNESS. So that it would appear that non-emergency situations, there is not a basis particularly in the experience of the Department of State for increasing the basic limitation of \$15,000.

Mr. TRACY. It's certainly fair to say that we have many more large claims in the emergency situations than we do in the non-emergency situations. That's correct.

Mr. KINDNESS. But if the legislative approach would be to provide additional relief in the case of emergency situations, leaving the current limitation for non-emergency situations at \$15,000, it would not necessarily, in the Department of State's experience, be doing an injustice.

Is that a fair statement?

Mr. TRACY. If you did that, it would certainly cover the majority of the cases in the Department of State. Yes. I guess the feeling of the Administration has been that the cost of living has risen so much since 1973 that the \$15,000 is really the equivalent today of \$25,000. That would be the argument for the non-emergency change.

Mr. KINDNESS. I was examining more the question of need as it appears to arise in experience rather than automatic adjustments by which we're surrounded these days, it seems.

Mr. TRACY. Well, it would be fair to say that raising the emergency limit would certainly take care of the majority of the Department of State cases. That is correct.

Mr. KINDNESS. Is it correct, then, to sort of summarize that the position of the Department of State is that the need in these emergency situations for a higher limitation is based largely on the basis of the replacement values being higher and the losses being more likely in those emergency cases?

Mr. TRACY. Yes, that's correct.

Mr. KINDNESS. Thank you, sir. Thank you, Mr. Chairman.

Mr. DANIELSON. Just to correct the record, the amendment of \$15,000 was in 1974. I happen to know. I was the author of the bill, and the record will reflect 1974. I thought I'd have the record be straight.

Mr. KINDNESS. Mr. Chairman, I'm glad you mentioned that, because 1974 doesn't seem like that long ago.

Mr. DANIELSON. It doesn't seem long ago.

Mr. KINDNESS. Thank you, sir. I yield back.

Mr. DANIELSON. Thank you.

Mr. Tracy, I would like to do this while you are at the chair there, and I probably should have done it earlier. It might have explained some of the questions in the minds of my colleagues.

First of all, you have provided as an annex to your statement a chronology of the pertinent events for Iran, commencing on November 5, 1978, and continuing through the 22d of February of 1979. They are a part of your statement and, therefore, of course, will appear in your statement.

You also have attached a claims summary for private personal property losses through State, AID, and USICA for the period January 1, 1979, to January 28, 1980. Is that not correct?

Mr. TRACY. Yes, sir.

Mr. DANIELSON. And that is the recap also appended to your statement?

Mr. TRACY. Yes.

Mr. DANIELSON. Which does set forth these claims rather well. Also appended to your statement is a claim form for loss of or damage to private personal property in several pages, but it's valuable in that it illustrates the manner in which these claims are filed.

Is there any reason why this should not be in the record. I have reference to—are we breaching anybody's right of privacy?

Mr. TRACY. No, sir. We removed the name of the individual on that claim.

Mr. DANIELSON. So I can refer to this as a sanitized claim. Is that correct?

Mr. TRACY. Yes, sir. You can.

Mr. DANIELSON. There's no objection to its being in the record?

Mr. TRACY. No.

Mr. DANIELSON. Then it will likewise be appended in the record along with your statement.

Going further, you have provided the committee with a copy of the uniform State, AID, and USICA regulations which apply to the settlement of such claims. I have it in my hand. It's 6 sheets, 12 pages, and without objection, we'll include it in the record, if there is no objection.

[No response.]

[Committee insert.]

REGULATIONS APPLICABLE TO CLAIMS BY EMPLOYEES OF STATE, AID, OR ICA FOR
LOSS OR DAMAGE OF PERSONAL PROPERTY

UNIFORM STATE/AID/ICA REGULATIONS

300 *Personal services and benefits*

310 *Claims for private personal property losses.*

310.1 *Authority*

These regulations are issued pursuant to the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 240-243, as amended).

310.2 *Scope*

Authorized claims may be settled for damage to or loss or personal property of employees of the Department of State, the International Communication Agency, and the Agency for International Development *and their authorized dependents.* The loss must be incident to the employee's service, and possession of the property must be reasonable, useful, or proper under the circumstances. The maximum amount allowable on a claim is \$15,000.

310.3 *Definitions*

a. "Claim" means any claim filed by an employee of the Department of State, the International Communication Agency, or the Agency for International Development; for damage to, loss, destruction, capture, or abandonment of employee's personal property incident to service.

b. "Employee" means any person (United States or foreign national) appointed to the rolls of the Department of State, the International Communication Agency or the Agency for International Development. It also includes AID participating agency employees subject to the terms of the participating agency agreement, and personnel employed on a personal services contract basis, but excludes employees of contractors, universities and commercial firms; *grantees;* etc.

c. "Replacement value" means the acquisition cost of the item plus a factor which reflects changes in the purchase power of the U.S. dollar (as set forth in the consumer price data prepared by the Bureau of Labor statistics, U.S. Department of Labor). (See Section 319.2.)

d. "Settle" means consider, ascertain, adjust, determine, and dispose of any claim, whether by full or partial allowance or disallowance.

e. "Accrual date" means the date of the incident causing the loss or damage or when the loss or damage is or should have been discovered by the claimant through exercise of due diligence.

310.4 *Filing of Claim*

All claims covered by these regulations should, if practicable, be submitted by the claimant or claimant's authorized agent to the principal officer of the

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post to which the claimant was assigned at the time the claim accrued, or if in the United States, through the claimant's division or office head, for processing as indicated below and forwarding to the Office of Operations, Department of State. If submission under the foregoing circumstances is impracticable, the claim may be submitted directly to the Office of Operations, Department of State, Washington, D.C. 20520. No claim may be allowed under the provisions of these regulations unless it has been presented in writing within 2 years after such claim accrued; provided, that if the claim accrues in time of war or in time of armed conflict in which any Armed Force of the United States is engaged, or if such a war or armed conflict intervenes within 2 years after the claim accrues, and if good cause is shown, the claim may be presented not later than 2 years after that cause ceases to exist, or 2 years after the war or armed conflict is terminated, whichever is earlier.

310.5 *Form of Claim*

Claims should be submitted in duplicate on Form DS-1620, Claim for Loss of or Damage to Private Personal Property. If the claim forms are not available, a written statement will be accepted and considered as a claim if it asserts a demand for a sum certain, and substantially describes the facts to support a claim. See section 320 for the specific evidence required for particular classes of claims. Adjudication of claims will be expedited by the submission of all required evidence with the original claim.

311 *Claimants*

A claim may be presented by an employee or in claimant's name by spouse as authorized agent or by any other agent or legal representative claimant authorizes. Claims filed by agents or legal representatives other than spouses must be accompanied by a power of attorney. If the employee is deceased, the claim may be presented by a survivor, in the order named below, regardless of whether the claim arose before, concurrently with, or after the decedent's death. Survivor claims will be settled in the following order:

- a. Spouse;
- b. Child or children;
- c. Father or mother, or both;
- d. Brothers or sisters, or both.

312 *Claims Assistance Officer*

The Claims Assistance Officer at post is responsible for assisting employees in the preparation of claims. The duties will include, but are not limited to:

- a. Furnishing necessary claim forms to the employee.
- b. Informing the employee of the time frame in which the claim must be filed.
- c. Advising the employee of the evidence required to substantiate the claim.
- d. Assisting the employee in obtaining copies of shipping documents, etc., available at post or by requesting copies of pertinent documents from the Department, Despatch Agent or other posts when such documents are not available at the claimant's post.
- e. Informing the employee of who and what is involved and assisting the employee with procedures to follow in filing claims for recovery against the packers, shippers, etc.

313 *Investigation of Claims*

All claims accruing and filed at posts abroad must be investigated by a Claims Investigating Officer at the post (usually an executive, administrative, or general services officer of the agency involved) and such officer should prepare a report to be included with the claim when it is forwarded to Washington for adjudication.

The claims investigation officer conducts such investigation as deemed appropriate and includes in the report the credibility of statements by the claimant and corroborating witnesses and includes recommendations as to the reasonableness of the claim. Upon completion of the investigation and preparation of Form DS 1620-A, Claims Investigating Officer's Report, the file is forwarded to Washington for adjudication. All claims and correspondence regarding claims should be forwarded by memorandum, subject: ACIM, followed by the name of the claimant. For claims accruing and filed in the United States, the claims investigating officer must be a U.S. Government employee, other than the claimant, who has the most complete knowledge of the facts involved. The claim is forwarded to the Office of Operations, Department of State, Washington, D.C. 20520.

Upon request, an appropriate officer at a post performs the duties of claims investigating officer for an employee of an agency not covered by these regulations. The Claims Assistance Officer shall not be the same individual functioning as the Claims Investigating Officer unless special circumstances at post, such as limited staff, make it absolutely necessary.

314 *Adjudication of Claims*

a. *Processing of Claims.*—The Office of Operations, Department of State, considers, adjusts, and makes advisory determinations on claims authorized under these regulations, including recommendations as to amount of reimbursement to be paid.

b. *Final Approval and Payment.*—Upon completion of action by the Office of Operations, claims are submitted to the approving authority designated by the head of the agency concerned for final approval *or disapproval.*

315 *Claims Payable*

Claims are payable when the damage to or loss of the claimant's personal property occurs *incident to service* under any of the following circumstances:

a. Fire, flood, hurricane, natural *or unusual* occurrences, or by theft while located at:

(1) Quarters, wherever situated, assigned to claimant or otherwise provided in kind or by reimbursement by the Government:

* (2) Any warehouse, office, or other place (except quarters) which has been officially authorized by competent authority (normally the senior administrative officer at the post) for the storage of the property.*

b. Damage to or loss of property including household effects, and baggage checked or in personal custody, incident to packing, storage, and/or transportation by an agent or agency of the Government, a carrier or a private conveyance, when such packing, storage, or transportation has been officially authorized or is in connection with travel under official orders.

c. Incident to marine, aircraft *or other public conveyance* accidents in connection with official travel.

d. Enemy action or threat *thereof*; guerilla, organized brigandage, or other belligerent activities whether the United States is or is not involved; or unjust confiscation by a foreign power or its nationals.

e. As a direct result of extraordinary risks to which the property has been subjected as a result of the claimant's official duties, including but not limited to:

(1) Duty in connection with civil disturbance, public disorder, or public disaster;

(2) Efforts to save Government property or human life when the situation was such that the claimant could have saved his own property had he not so acted; or

(3) Abandonment or destruction of property by reason of emergency or by order of superior authority.

f. While being used, or held for use, for the benefit of the Government try official direction or request.

g. When the proximate cause of the damage to or loss of property was the *negligent act or omission of agents or employees of the Government* acting within the scope of their employment.

h. Damage to or loss of motor vehicles in shipments provided by the Government. "Shipments provided by the Government" means officially authorized shipments and includes storage in transit,* on-loading and off-loading incident thereto.

i. Other meritorious claims within the scope of the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, which are not otherwise provided for or prohibited by these regulations.

316 *Claims Not Payable*

Claims may not be allowed:

a. In any instance where the total loss or damage is \$50.00 or less.

b. For money or currency when lost incident to a marine, aircraft or other public transportation accident, or when lost by fire, flood, hurricane, or theft from quarters, or from the person* of the employee while performing official duties. In *theft from quarters*, it must be conclusively shown that the money or currency was reasonably protected and that appropriate security measures had been taken*. Reimbursement for loss of money or currency is limited to an

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amount which the approving authority determines to have been reasonable for the claimant to have had in possession at the time of the incident.

c. For unserviceable property.

d. For easily pilferable high value articles such jewelry (including costume jewelry), watches, rings when shipped with household goods or unaccompanied baggage when the loss occurs due to theft.* This prohibition does not apply when the articles are in baggage in the personal custody of the claimant or properly checked, provided reasonable protection or security measures have been taken.

e. For articles intended directly or indirectly for persons than the claimant or members of claimant's immediate household. This prohibition includes articles acquired at the request of others and articles to be disposed of by sale.

f. For loss of or damage to *articles being worn (including handbags and wallets)* except under the circumstances of section 315c, d and e.

g. For theft of personal property from the person of the employee or dependent unless performing official duties, including authorized travel.

h. For any damage or losses to employee's privately owned motor vehicle incident to its operations.

i. For any losses of insurers and other subrogees.

j. For any losses, or any portion thereof, which have been recovered or are recoverable from an insurer, packer, warehouse employee, carrier, or pursuant to contract, provided, however, that in adjudicating claims any recoveries from the above sources shall be applied first against items of property lost or damaged which cannot be reimbursed under these regulations. Failure to make a demand against the appropriate third party or contract may result in the reduction of an amount equal to that which could have been recovered from the amount otherwise allowable.*

k. For any damages to or loss of property at quarters occupied by the claimant within the United States which were not assigned to claimant or otherwise provided in kind, by the Government.

l. For any damage to or loss of personal property caused in whole or in part by demonstrated negligence or a wrongful act on the part of the claimant, claimant's dependents agents or employees * acting within the scope of their employment.*

m. For damage to or loss of property acquired, possessed, or transported in violation of law or regulations of competent authority. (This does not apply to limitations imposed on the weight of shipments of household and personal effects.)

n. For theft unless positive evidence clearly establishes:

(1) The existence of a larceny, burglary, or housebreaking; and

(2) That the claimant exercised due care in the protection of claimant's property.

o. For antiques, relics, heirlooms, or items purchased at "unreasonably high prices". Claims for such items are allowed only on the basis of the reasonable purchase price of substitute articles of a similar functional nature, appropriate for the claimant under the particular circumstances of service and disregarding the nonintrinsic value of the item damaged or lost. (For losses which occur on or after October 1, 1977 this paragraph is modified by deleting "antiques, relics, heirlooms or".)

p. For articles lost or damaged while in transit in the United States or international mail systems.

*q. For personal property placed in a warehouse, office, safe, file cabinet, or other place for personal convenience in the absence of proper authorization. (See section 315a(2).)

317 Evidence in Support of Claim

317.1 General Instructions

In addition to the evidence required on the claim form, the following evidence should be furnished when applicable and available:

a. Corroborating statement(s) from Person(s) who have personal knowledge of the facts concerning the claim;

b. Receipts, canceled checks or other documentation showing acquisition costs;*

c. Itemized receipted bill of repair for damaged property which has been repaired; or

d. *At least one written estimate of the cost of repairs from a competent bidder, tradesman, commercial outlet, etc. if the property is economically repairable and has not been repaired;*

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e. Statement concerning any insurance coverage and reimbursement obtained from the insurer. The statement should describe the type of insurance and coverage and give the name of the insurer. If the claimant has insurance and has not submitted a claim, the failure to do so must be explained;

f. Photographs in any case where such would support the claim made.

317.2 Specific Classes of Claims

Claims of the following types should, if possible, be accompanied by the specific and detailed evidence listed below:

317.2-1 Property Losses at Quarters or Other Authorized Places

A statement indicating:

- a. Geographical locations;
- b. Whether quarters were assigned or provided in kind *or reimbursed* by the Government.
- c. Whether regularly occupied by the claimant;
- d. Name of *competent* authority who authorized the place of storage of the property; if other than quarters; and
- e. Measures taken to protect the property.

317.2-2 Theft *(See also section 316n.)*

- *a. Copy of report by post security officer.*
- *b. Copies of police report and results of investigations.*
- c. *A statement indicating facts and circumstances surrounding the loss, including precise location of property prior to loss, evidence of larceny, burglary, or housebreaking; capture of the thief; recovery of part of the stolen goods, etc.; and
- d. Evidence that the claimant exercised due care in protecting the property prior to the loss. Consideration will be given to the degree of care normally exercised in the locale of the loss due to any unusual risks involved.

317.2-3 Transportation Losses

- a. Copy of orders authorizing the travel, transportation, or shipment, or a statement explaining the absence of orders; and stating their substance;
- b. Copy of all bills of lading, *delivery receipts* and inventories of property shipped;
- c. Copy of demand on carrier or insurer, or both, and replies;
- d. For missing property, statement indicating action taken to locate missing property; with related correspondence; and
- e. In cases where property was turned over to an employee of the Government or a contract packer:
 - (1) Name or designation of individual or company;
 - (2) Date property was turned over;
 - (3) Condition when property was turned over;
 - (4) When and where property was packed and by whom;
 - (5) Date of shipment and reshipment;
 - (6) Copies of all manifests, bills of lading, and contracts;
 - (7) Date and place of delivery to claimant;
 - (8) Date property was unpacked;
 - (9) Statement of disinterested witnesses as to condition of property when received and delivered; or as to handling and storage;
 - (10) Whether the negligence of any Government employee acting within the scope of employment caused the damage or loss; and
 - (11) Whether the last common carrier or local civilian carrier was given a clear receipt.

317.2-4 Marine, Aircraft or *other Public Conveyance* Accidents

A copy of travel orders or other evidence to establish the claimant's right to be, or to have property, on board.

317.2-5 Enemy Action, Public Disaster, Public Service, or Abandonment

A detailed statement of the facts and circumstances showing applicable causes enumerated in Section 315, paragraphs d and e.

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317.2-6 Property Used For Benefit of Government

A statement from proper authority that the property *was being used, or held for use, by official direction or request. (See Section 315f.)*

318 Waiver of Required Evidence

All or any of the evidence specified in section 317.1 and 317.2 may be waived in instances where the claim appears otherwise reasonable and proper and the obtaining and submission of such evidence would be unduly costly or time-consuming in relation to the amount of the claim.

319 Computation of Award

319.1 Claims Accruing Prior to October 1, 1976

a. *Cost of Property Lost or Damaged Beyond Economical Repair.*—The amount awarded on any item of property will not exceed the adjusted cost of the item based either on the price paid in cash for property or, if not acquired purchase or exchange, the value at the time of acquisition.

The amount normally payable on property damaged beyond economical repair is found by determining its depreciated value immediately before it was damaged or lost, less any salvage value.

b. *Repairable Property.*—If the cost of repairs is less than the depreciated value of the property, then it is economically repairable, and the cost of repairs is the amount payable.

c. *Depreciation.*—Depreciation in value of an item is determined by considering the type of article involved, its cost, condition when lost or damaged beyond economical repair, and the time elapsed between the date of acquisition and the date of accrual of the claim.

d. *Appreciation.*—No allowance will be made for appreciation in the value of property.

319.2 Claims Accruing On or After October 1, 1976

a. *Cost of Property Lost or Damaged Beyond Economical Repair.*—The amount awarded on any item will be the computed replacement value less appropriate depreciation, less salvage value for damaged property.

b. *Repairable Property.*—If the cost of repairs is less than the depreciated replacement value of the property, then it is economically repairable, and the cost of repairs is the amount payable.

c. *Depreciation.*—Depreciation in value of an item is determined by considering the type of article involved, its condition when lost or damaged and the time elapsed between the date of acquisition and the date of accrual of the claim. Rate of depreciation is applied to the allowable replacement value.

319.3 Type and Quantity of Property

Claims are payable under the provisions of these regulations only for such types and quantities of tangible personal property the possession of which shall be determined to be reasonable, useful or proper under the circumstances at the time of loss or damage. Schedules of the maximum amount allowable for specific articles and the maximum amount allowable are in Appendices A and B of these regulations and will be generally followed in computing awards. Whenever these schedules are not followed, the approving authority will indicate why the schedule was not followed, and the basis for the quantity allowed.

320 Ownership or Custody of Property

Claims which are otherwise within the provision of these regulations will not be disapproved solely because the property was not in the custody of the claimant at the time of the damage, loss, or destruction or solely because the claimant was not the legal owner of the property for which the claim was made. For example, borrowed property may be the subject of a claim if its possession was reasonable, useful, or necessary to the claimant.

321 Advance Payments of Claims

In unusual instances where the approving authority of the agency concerned determines that substantial personal hardship is involved and a preliminary

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review of the claim indicates that it appears just and reasonable, an advance payment of up to 75 percent of the estimated value of the loss* may be made upon receipt of a statement from the claimant agreeing to refund any or all of the advance payment as may be required to conform with the final settlement of the claim.

322 Policy on Private Insurance By Employees

Employees are encouraged to carry private insurance against damage to or loss of their personal property. Such insurance is desirable to cover risks specifically excluded or limited by these regulations and should be reviewed thoroughly to verify that all necessary coverage is included*.

323 Reconsideration of Claims

Settlement of a claim by a full or partial allowance, or by a disallowance, by the approving authority designated by the head of the agency concerned, is final and conclusive. However, any claimant may request reconsideration of the adjustment or determination of claim upon establishing an error in the settlement. Such request for reconsideration must be made in writing and submitted to the Office of Operations, Department of State, Washington, D.C., 20520, within 6 months from the date the claimant receives notice of the 'disposition' of the claim. The Office of Operations will forward the request to the approving authority of the agency concerned.

APPENDIX A.—Table of maximum amounts allowable

[For losses which occurred before October 1, 1977]*

<i>Categories of personal property</i>	<i>Amounts allowable (per claim)</i>
Books (per claim)-----	\$1,000
China and crystal (per claim)-----	1,500
Electrical, gas and other appliances (per item)-----	750
Foodstuffs (in shipment) (per claim)-----	500
Furs (coats, stoles, capes, collars, hats, et cetera) :	
Per item-----	750
Per claim-----	1,125
High fidelity, stereo, and related electronic equipment (components such as amplifiers, tuners, speakers, turntables, tape decks, et cetera, and phonograph records and tape recordings) (per claim)-----	1,000
Hobbies and collections (whether for a single hobby or collection, or a combination of hobbies and/or collections, including, but not limited to—	
Coin collections.	
Electric trains.	
Firearms and ammunition.	
Photographic equipment and supplies.	
Sporting equipment and supplies.	
Stamp collections.	
Tools (household tools up to \$50 are to be excluded).	
For the claimant (total)-----	500
For others in claimants' household (total)-----	500
For both the claimant and others in household (total)-----	\$1,000
Jewelry:	
Jewelry, other than costume :	
Per item-----	\$375
Per claim-----	1,125
Costume jewelry (per claim)-----	200
Watches (per item)-----	150
Musical instruments:	
Pianos and organs (per claim)-----	1,500
All other instruments, equipment, and supplies (per claim)-----	1,000
Outboard motors and all other boating equipment and supplies (per claim)-----	500
Paintings and pictures (including frames) :	
Per item-----	375
Per claim-----	1,500

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APPENDIX A.—Table of maximum amounts allowable—Continued

<i>Categories of personal property</i>	<i>Amounts allowable (per claim)</i>
Personal memorabilia (except where volume indicates hobby) including, but not limited to—	
Photographic slides, Scrapbooks, Snapshot albums, Snapshots, Souvenir albums, Trophies, Wedding and baby albums (per claim) —	250
Rugs (per item) —	1,000
Silverware, sterling and plated (flatware, holloware, etc.) (per claim) —	1,500
Tools (when shipped in automobiles) (per claim) —	25
Toys (per claim) —	500
Watches (see jewelry).	
Wedding gowns (per claim) —	100

APPENDIX B.—Table of maximum amounts allowable

[For losses which occurred on or after October 1, 1977]**

<i>Categories of personal property</i>	<i>Amounts allowable (per claim)</i>
Antiques and heirlooms —	3,000
Boats (Outboard motors and all other boating equipment and supplies) —	1,000
Books —	1,500
Camera and photographic equipment:	
Per item —	350
Per claim —	750
China —	1,000
Clocks (Grandfather and Grandmother only) (per claim unless collection) —	1,000
Crystal —	1,000
Electrical, gas and other appliances —	750
Foodstuffs including beverages (in shipment) (Except additional consumables authorized under 6 FAM 162.5) —	500
Furs (coats, stoles, capes, collars, hats, etc.):	
Per item —	750
Per claim —	1,500
High Fidelity, stereo, and related electronic equipment (components such as amplifiers, tuners, speakers, turntables, tape decks, etc.) —	1,500
Tapes in automobiles —	60
Hobbies and collections (whether for a single hobby or collection, or a combination of hobbies and/or collections), including, but not limited to—	
Coin and stamp collections, electric trains, firearms and ammunition, bottles, phonograph records and tape recordings:	
For a single collection (total) —	750
For either a combination of collections or a collection belonging to the whole family —	1,500
Jewelry, other than costume:	
Per item —	500
Per claim —	2,000
Costume jewelry —	300
Watches —	150
Musical instruments—pianos and organs:	
Per item —	1,750
Per claim —	3,500
All other instruments, equipment, and supplies —	1,000
Paintings and pictures (including frames):	
Per item —	500
Per claim —	3,000
Personal memorabilia (except where volume indicates hobby) including, but not limited to—	
Photographic slides, scrapbooks, snapshots albums, snapshots, souvenir albums, trophies, baby albums —	500

**New material.

APPENDIX B:—Table of maximum amounts allowable—Continued

<i>Categories of personal property</i>	<i>Amounts allowable (per claim)</i>
Rugs (per item)-----	1, 000
Sterling Silver articles (Silverware, Vases, Picture Frames, etc.)-----	2, 000
Tools (all types)-----	1, 000
Tools (when shipped in automobiles, including related articles, such as flares, tow rope, battery jumper cables, lights, first aid kit, etc.)-----	50
Toys-----	500
Watches (see jewelry).	
Wedding albums-----	250
Wedding gowns-----	250
Wigs (includes hairpieces)-----	500

Mr. DANIELSON: Is not the purpose of this uniform regulation to set standards which, first of all, inform your personnel of the extent to which the Government is willing to reimburse them for loss in a proper case, and second, how they should go about making a claim in a proper case?

Mr. TRACY: That is correct.

Mr. DANIELSON: And does it not list certain limitations such as not to exceed \$375 per item on paintings and pictures including frames?

Mr. TRACY: Yes, sir: That's correct.

Mr. DANIELSON: So if I should have a genuine Picasso in a 14 karat gold frame, I know I'm limited to \$375?

Mr. TRACY: That's correct.

Mr. DANIELSON: And the same analogy carries forward on all the items listed within your regulations: Is that not true?

Mr. TRACY: They apply to State, AID, and USIA.

Mr. DANIELSON: I want to add a comment. I think it's a very wholesome thing; for not only does it prescribe the manner in which the claims are to be made, but it certainly is an admonition to your personnel that they should not take with them abroad items which exceed, greatly, at least, the amount to which you admit exposure, and if so, it's at their own risk.

Mr. TRACY: That's correct.

Mr. DANIELSON: Thank you.

One added thing from State. You have kindly supplied us—and I would like to put these in the record—with a set of—I call them radio-grams. Do you have another name for them?

Mr. TRACY: Telegrams.

[Laughter.]

Mr. DANIELSON: Yes, sir. I didn't know Western Union had a boy over there.

Mr. TRACY: They don't. It's our own system.

Mr. DANIELSON: All right. They're telegrams then. I'm going to identify them seriatim, by date, so the record will reflect what should be there.

The first one—I might add, these have likewise been sanitized by you gentlemen to strike anything that might be deemed confidential or classified or invasion of privacy or whatever you will.

Mr. TRACY: That's correct.

Mr. DANIELSON: This may go in the record then. Fine.

The first I have is a telegram. It says Tehran, November 5, 1978. I guess that means to Tehran, or does it mean from Tehran?

Mr. McDONNELL. What's your date on it, sir?

Mr. DANIELSON. November 5, 1978. The date/time group is 10782. The thing is, I don't know if it's to or from.

Mr. McDONNELL. Tehran 10782 that would be from Tehran.

Mr. DANIELSON. From Tehran. I'm going to have the word "from"—that would be to State, I assume.

Mr. TRACY. That's correct.

Mr. DANIELSON. OK. The second item is dated December 6, 1978. It's No. 307292.

Mr. McDONNELL. That's from the Department to Tehran.

Mr. DANIELSON. OK. The third item is December 11, 1978. It looks to me like the number would be 12102. It's half a page long. At the very top of the page is 011145. It looks like "Z."

Mr. TRACY. That's correct. That's from Tehran to the Secretary of State.

Mr. DANIELSON. It's what?

Mr. TRACY. From Tehran to the Department of State.

Mr. DANIELSON. OK. From Tehran to State. The next item is dated January 1, 1979. Oh, that is from American Embassy/Tehran to State. That's self-evident.

The next item—it's so blurred on my copy I can't read it. It looks like it says 024636.

Mr. TRACY. Yes. That's from the Department of State to Tehran and a number of other addresses.

Mr. DANIELSON. Well, now, this is a long time after the so-called Iran evacuation. If December 7, 1979, is the correct date—that's what it says there—the Khomeinis were holding our Embassy at that point. It's No. 125034.

Mr. TRACY. I'm sorry. The date that's on there, Mr. Chairman, is the date—we have an automated retrieval system—and that's the date that we retrieved that.

Mr. DANIELSON. Oh, that's the retrieval. Well, we certainly don't want that in here as the date of the order, then.

OK. Where's the correct date? What is the correct date?

Mr. TRACY. Let me refer to the chronology. It is referring to the January 30, 1978 event where phase two of the evacuation was ordered, and I'm just trying to see—

Mr. DANIELSON. I can't read page 2, but on page 1, what is the correct date of this document?

Mr. TRACY. January 30, 1978.

Mr. DANIELSON. With your permission, I'm going to strike that very misleading line here.

Mr. TRACY. I'm sorry. 1979. I should have said 1979. I had said 1978. It's January 30, 1979.

Mr. DANIELSON. Where do you find that date? It must be somewhere on here.

Mr. TRACY. Actually it refers to it in the context.

Mr. DANIELSON. That must be near the bottom where you're pointing your pen.

Mr. TRACY. The very top of the page, Mr. Chairman, where it says 0030, and then the next number reads 0211-Zulu. The 30 refers to January 30, 1979. The 0211-Zulu is the Greenwich mean time.

Mr. DANIELSON. At the very top of the page, I have nothing but blank paper.

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Mr. TRACY. We'll provide you—

Mr. DANIELSON. Well, I don't want to hold more hearings. Show me where it is.

[Pause.]

Mr. DANIELSON. That would be January 30, 1979. That's from State to Tehran.

Mr. TRACY. Correct.

Mr. DANIELSON. That, then, is in three pages.

Mr. TRACY. Yes, sir.

Mr. DANIELSON. Three sheets.

Mr. TRACY. Two sheets.

Mr. DANIELSON. I'm going to make a request. This is not well done. I want correct, accurate copies of all these telegrams, and I'm going to ask unanimous consent that when they arrive they can be in the record in lieu of these rather illegible and disorganized copies.

Mr. TRACY. We'll get them to you.

Mr. DANIELSON. We're trying to establish a record here to help your people, but we insist on your help.

[Information follows:]

[Telegram No. 10782]

NOVEMBER 5, 1978.

From: Embassy Tehran.

To: Department of State.

Subject: November 5: A day of violence and burning.

1. At mid-morning large mobs started to assemble in various parts of the city, particularly in the southern hotspot areas of the University and Jaleh Square. As the day wore on, crowds left these areas and roamed throughout many parts of the city setting fire to banks, cinemas, automobiles, buses airline offices, etc. A pall of smoke hangs over south Tehran, and from the embassy windows looking north we can see some fires. It appears that firemen are having difficulty reaching the scenes of fires or are simply letting them burn themselves out. British Ambassador has advised that at 1700 hours local that British Embassy, which was unprotected, is under attack and that entrance to chancery has been gained. We have informed martial law authorities who are reportedly sending assistance. Troops have now arrived there but telephone system in British compound is out and we have no report of damages.

2. We have now reliable information concerning casualties. It appears to us that in fact security forces did not use much force during day, but we now (1800 hours local) have reports of heavy shooting in south Tehran. The embassy compound has been surrounded by troops and the streets leading to the embassy have been sealed off. We have no reports of injuries to Americans, but have given refuge to four Americans who were in the Waldorf Hotel which has been burned. In early afternoon we advised the American community to stay at home unless travel is essential. Many companies had already sent their employees home. We are sending out a second advisory this evening recommending that Americans stay home in the morning until we have had an opportunity to appraise the security situation in the city. The American schools will be closed tomorrow.

3. Comment. The number of demonstrators today probably exceeded those engaged in the September 7 demonstration which led to the imposition of martial law. Eyewitnesses have noted that crowds of four or five hundred people, a small number have been doing the looting, burning, and destroying, with the remaining members of the crowd looking on and the police and military either absent or doing nothing. The massive demonstrations today may in part be in response to the shootings at the university yesterday. But there is also a sense in the city that the current crisis is rapidly coming to a head. The various protagonists appear to be doing their very best to accelerate critical decisions. The city has rumors. Curfew has been imposed for 2100 hours tonight.

SULLIVAN.

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[Telegram No. 10828]

NOVEMBER 6, 1978.

From : Embassy Tehran.
To : Department of State.
Subject : Security advisory.

We have issued following security advisory to American Community :
Quote : The law and order has improved. With appropriate caution you can plan on resuming import work tomorrow morning. We will advise you if the situation changes. Unquote.

SULLIVAN.

[Telegram No. 307292]

DECEMBER 6, 1978.

From : Department of State.
To : Embassy Tehran.
Subject : Travel of official U.S. dependents.

1. In order to give our official dependents the same option that is available to dependents of other American employees in Iran, those official dependents who wish to leave Iran temporarily may do so. Appropriate funding citation will be provided septel.

3. We are unclear as to how many dependents might wish to leave. Our thought is that perhaps very few would wish to do so. In any event, we suggest you establish contact with Pan Am.

VANCE.

[Telegram No. 12102]

DECEMBER 11, 1978.

From : Embassy Tehran.
To : Department of State.
Subject : Security/political situation report, December 11, 1800.

1. As of 1800, situation in Tehran is generally quiet.
2. We have number of reports that left and Khomeini forces irritated and frustrated by peaceable nature of demonstrations December 10 and 11 and are urging third day of action for December 12 in hope of causing confrontation. Same sources have told us that leading clergy figures have disassociated themselves from this call to action and are particularly annoyed by attempt of extreme left to stir up violence.

3. [Deleted] told Ambassador that he doubts extremists will be able to get much going on December 12. He also said that after curfew tonight the military forces will move back into their normal places in the city. Military source has confirmed that this is current intention of martial law authorities.

4. Embassy will be open December 12. We are issuing following advisory to American community :

[Deleted.]

A. Today's demonstrations were peaceful, but tensions are high.
B. There may be more political activity tomorrow.
C. Exercise extreme caution in any movement outside your residences during course of the day tomorrow.

SULLIVAN.

[Telegram No. 00007]

JANUARY 1, 1979.

From : Embassy Tehran.
To : Department of State.
Subject : E and E.

1. Ambassador officially declared phase one of Iran E&E plan to be operative December 31.

2. In addition to voluntary departure of dependents Ambassador will also order temporary departure to CONUS or safehaven posts of some officials who because of current situation are unable to fulfill their official responsibilities. Ambassador may also order employees who are presently out of country on business or leave not to return at this time.

SULLIVAN.

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[Telegram No. 24636]

JANUARY 30, 1979.

From : Department of State.

To : Embassy Tehran.

Subject: Evacuation of dependents and nonessential personnel, Iran.

1. This is a joint state defense message.
2. All dependents of DOD personnel and civilian dependents of official USG employees except those engaged in essential mission roles should be ordered to depart Iran by earliest feasible transportation.
3. All non-essential military and official U.S. civilian non-essential employees should be ordered also to depart Iran by earliest feasible transportation.
4. Embassy should inform American private community including EMS contractors, other U.S. firms, and others through pyramid system, or decision to evacuate all official dependents and non-essential employees and advise them to do likewise. We have informed and of contents this message and our desire to reduce U.S. personnel in Iran.
5. FYI current schedule of MAC flights to Tehran are:
 - (A) January 30 3 C-141; 2 130-fuel shuttle.
 - (B) January 31 1 C-5.
 - (C) February 1 1 C-5; 1 C-141.
 - (D) February 2 2 C-141.
 - (E) February 2 1 C-5.
6. Safehaven locations and CONUS and SCOLA payments previously authorized apply.
7. Please advise number of evacuees planned and scheduled departures by dates of departure and report numbers actually evacuated.
8. In addition to scheduled MAC channel flights, maximum use should, of course, be made of scheduled commercial flights. If such flights do not provide sufficient capability special assignment airlift mission (SAAM) will be scheduled by DOD, reimbursable by state to offset stated requirements. Request Embassy Tehran notify USCINCEUR, Info to State Department and DOD of any requirement for SAAM airlife. Specifically what do you advise for situation in Isfahan?
9. Fund citations for evacuated American dependents and non-essential employees are as set forth in state 306841 December 5, 1978. Tehran 00464, and other fund citations provided by parent agencies. No RPT no official dependents or employees of other civilian agencies or DOD should be charged to state citation 1990522 unless no other fund citation available. If appropriation 1990522 cited for nonstate employees or dependents, embassy should notify department promptly of name of principal and number of evacuees and parent agency of evacuated persons.
10. Funding arrangements for use of MAC flights set forth in JCS to CINCEUR 040320Z January 79 also apply.
11. Hardship post differential increased from twenty percent to twenty-five percent for all posts and areas in Iran, effective January 29 per embassy recommendation Tehran 01226.
12. Request embassy suggestions for public affairs guidance to be used tomorrow.

VANCE.

Mr. DANIELSON. The documents which I have referred to chronologically are the documents which set out the chronology and history of the evacuation from Iran in late 1978 and early 1979.

Mr. TRACY. Yes.

Mr. DANIELSON. Thank you very much.

Now there is one remaining document. It's Pakistan. It's in two pages, and it bears the date of November 22, 1979.

Is that correct?

Mr. TRACY. This is the telegram which ordered the evacuation from Pakistan, dated November 22, 1979.

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Mr. DANIELSON. Fine. And this is the authority under which that evacuation was carried out.

Mr. TRACY. That's correct.

Mr. DANIELSON. Thank you very much.

[Telegram No. 302470]

From: Department of State.
To: American officials, Islamabad.

November 22, 1979.

From Secretary of State,
Washington D.C.
Tags: Aemr. Pins. Pk, US.
Subject: Evacuation from Pakistan.
Please pass American Officials, Islamabad.
This is message No. 2.

1. The Secretary has determined that all USG dependents and non-essential personnel should be evacuated from all posts in Pakistan ASAP.

2. Washington D.C. is designated safehaven.

3. Following is schedule for Pan Am 747 which has been chartered by department.

Limited official use.

Depart New Delhi 230030Z (0600 local).

Arrive Rawalpindi 230220Z (0720 local).

Depart Rawalpindi 230350Z (0850 local).

Arrive Karachi 230535Z (1035 local).

Depart Karachi 230700 (1200 local).

Arrive Frankfurt 231615Z (1715 local).

Depart Frankfurt 231800Z (1900 local).

Arrive Dulles 240300Z (2200 11/23 local).

4. Lahore and Peshawar evacuees should proceed to Islamabad if available transportation will permit arrival there in time to board evacuation charter flight. If unable to do so, they should proceed to Karachi.

5. Karachi evacuees and Lahore/Peshawar evacuees who travel to Karachi should depart ASAP via scheduled commercial flights and proceed to Washington. Use of foreign flag airlines is authorized. Charge costs as follows: State appropriation: 1900522; allotment: OK-2036-20. ICA: travel order 0048686. AID: per AID handbook 23 chapter 12F for personnel dependents of other agencies use State fiscal data above.

7. For Karachi: Please have private AMCITS who board either at Islamabad or Karachi execute promissory notes any space available on Pan Am charter should be used by Karachi/Lahore/Peshawar evacuees.

8. For Frankfurt: request consulate general personnel meet Pan Am charter and provide assistance needed.

9. All action posts should inform department urgently if available scheduled transportation is inadequate to handle demand by private AMCITS to leave Pakistan.

10. Identical message being passed to Karachi, Lahore; Peshawar; Frankfurt, New Delhi. Vance.

That covers all of them from State. I appreciate very much your bringing these. We'd like to get some help for your people, but we want to do it right.

Do you, Madam, have anything to add to what's been said?

Ms. SCHAFER. Not for the record. I would say that sometimes we have difficulty reading those cables ourselves.

Mr. DANIELSON. Well, I've got weak eyes. So you're going to have to improve them.

How about you, sir?

Mr. McDONNELL. I don't think so.

Mr. DANIELSON. Thank you all very much. And I hope you'll stay in attendance, because we're going to be helped now by the military departments. When they're done, we may still have questions.

I believe that from the military we have today Gen. Walter D. Reed, Judge Advocate General of the Air Force, accompanied by : Col. Larry Shreve, Chief of Claims, Department of the Air Force; Col. James Mounts, Jr., Chief of Claims, Department of the Army; and Capt. Marvin Nerseth, Chief of Claims, Department of the Navy.

Colonel Abrams, I see that you are here and you're here as the backstop.

Thank you very much, General Reed. Thank you for coming with your associates. Ah, we've got a captain from the Navy.

But General Reed, we will also receive your statement in its entirety, and then you go ahead and tell us your story.

TESTIMONY OF MAJ. GEN. WALTER D. REED, JUDGE ADVOCATE GENERAL OF THE AIR FORCE, ACCOMPANIED BY: COL. LARRY SHREVE, CHIEF OF CLAIMS, DEPARTMENT OF THE AIR FORCE; COL. JAMES MOUNTS, JR., CHIEF OF CLAIMS, DEPARTMENT OF THE ARMY; AND CAPT. MARVIN NERSETH, CHIEF OF CLAIMS, DEPARTMENT OF THE NAVY

General REED. Thank you, Mr. Chairman.

Because of the evacuation, emergency evacuation type claims have been largely covered by the two previous witnesses, I'll primarily endorse what they have said and answer any questions, but limit my comments to the other portions of the administration's and other proposals dealing with raising the limits of the claims from \$15,000 to \$25,000.

Mr. DANIELSON. You're a tough row to hoe, but go ahead.

General REED. Yes, sir.

First of all, I'd like to thank the committee for, over the years, representing an understanding of the military claims program, and particularly you, Mr. Chairman, because I know you've spent a lot of time on this subject, including the preparation and the introduction of bill 6086.

I have with me today the Chief of Claims of the Navy, Captain Nerseth; the Chief of Claims of the Army, Colonel Mounts; and Colonel Shreve, Chief of Claims of the Air Force.

First of all, with respect to raising the limit from \$15,000 to \$25,000 we have two purposes in mind. The first reason is inflation and the added cost of repair and replacement of items that are damaged and lost. This, of course, is in line with the protection that has directly been furnished by Congress to provide reasonable protection for loss or damage to personal property incident to service, primarily through shipment of the personal goods of military personnel from one station to another incident to military orders.

Of course, the second is the increased risk that occasionally military personnel who are ordered on assignment overseas, where protection is largely unavailable and the risk is greater than it is for service in the United States.

The present act allows payment of up to \$15,000 for loss or damage of personal property owned by military or civilian personnel, if the property is of a type reasonably and properly owned and the loss was

incurred incident to Federal service and was not incurred due to the negligence of the individual concerned.

Now, most of the claims meeting these criteria within the Department of Defense involve loss or damage to personal property being transported by Government contractors from one official duty station to another. And, as I mentioned, the practice of Congress has been to recognize the need for a relatively constant level of protection by periodically raising these maximum limits. And we've already gone over the fact that they were raised in 1964, and again in 1974, from \$10,000 to \$15,000 at that time; and that, if you look at the Consumer Price Index, the rate now following that same inflationary rate, would raise the maximum to \$24,495.

This proposed increase, as was the earlier ones, is due primarily to the general inflationary trend that has substantially raised the cost of repair and replacement of household items.

The administration bill, as well as H.R. 5706 and the other bills, recognizes the need occasioned by these increased costs and provides added protection. I'd like to just comment about the cost of this increase.

For other than Iranian claims, only a relatively small portion of the 184,000-plus claims approved for payment by the Department of Defense would be in excess of the \$15,000. For example, the Air Force approved approximately 60,000 claims in fiscal year 1979. Only 16 of those non-Iranian type claims exceeded \$15,000.

Mr. DANIELSON. I didn't hear the aggregate number of claims.

General REED. For the Air Force, I said approximately—the exact number is 59,318.

Mr. DANIELSON. Almost 60,000.

General REED. That's what I said—approximately 60,000 of the claims approved by the Air Force. Only 16 of the non-Iranian claims exceeded \$15,000. Now, just a breakout of those 16: Eight of them were by enlisted personnel, six of them were officers—no general officers in that group—and two were civilians. One was a school teacher and the other was a GS-11, Department of the Air Force civilian.

So that if the legislation raising the \$15,000 to \$25,000 limit had been in effect in fiscal year 1979, the average expenditure to the Air Force for these 16 claims would have been only \$91,928, as compared to in excess of \$18 million which was actually spent.

Mr. MOORHEAD. May I ask a question at that point?

General REED. Sure.

Mr. MOORHEAD. If the limit had been higher than \$15,000, however, don't you believe that there would have been people that would have had more valuable assets that they would have kept with them; that would have raised the amount of damages higher than they are? You know, a lot of people, knowing that there's only a \$15,000 limit, send their most valuable jewelry or whatever it might be back to the States, or put them in safekeeping someplace. If they knew that they could collect for it, those losses might be much higher than they are now.

General REED. We could speculate. I doubt it, because, first of all, the large majority of the losses that military personnel incur are occasioned by goods in transit within the United States, and these are households that individuals have. They have modest amounts. And

we, like the Department of State, have limits on the amount of value that you can have in antiques, jewelry, and silver, so that those limits cannot be exceeded even though the overall—

Mr. MOORHEAD. If only 16 of them altogether out of the thousands that you have went over that amount, it shows that the limits are pretty realistic.

General REED. Except that if you have a catastrophic loss—for example, in 1978 in a warehouse fire in Norfolk, Va., there 91 families who lost their entire shipment of household goods. Those were all Navy personnel, and as I recall, there were about 35 of the 91 in 1978 in the Navy that had losses in excess of \$15,000. So here are 35 families where you have that kind of catastrophic loss.

The Air Force, fortunately, didn't have such an event in 1979, and we hope we don't in the future.

Mr. DANIELSON. Sir, while we're on the point, I think you said that the Navy had 91,000?

General REED. Ninety-one families that had lost their entire—

Mr. DANIELSON. But in the year you had 59,000-odd claims.

General REED. Yes, sir.

Mr. DANIELSON. In the Air Force.

General REED. In the Air Force.

Mr. DANIELSON. Maybe your colleagues can help us. What was the figure for the Navy, if you know, sir?

Captain NERSETH. For the Navy that year, I can't say, sir.

Mr. DANIELSON. How about Army?

Colonel MOUNTS. This would be off the top of my head, sir. It would be approximately 50,000 total claims, closer perhaps to 60,000, somewhere in there.

Mr. DANIELSON. I imagine the Navy would be a little bit less.

General REED. The total for the year was 184,000-plus for all three services, of which approximately 60 was Air Force. So the other services must have been very close to approximately 60.

The event that I referred to was the warehouse fire in which 91 Navy families lost their entire shipments of household goods, all that they owned. Of those 91, 35 had claims or losses in excess of \$15,000. If that were to take place today, undoubtedly there would be a few more.

Mr. MOORHEAD. What percent of the personnel in the services keep some kind of insurance, private insurance, on it?

General REED. I couldn't give you a percentage. I can talk to the problems of insuring your property in connection with a shipment of household goods from one official duty station to another. With respect to that problem, you can look to the alternatives that a serviceman is faced with.

First of all, he can say, well, I want to declare increased value on a Government bill of lading. He pays an added cost, \$5, I think, for each \$1,000 of value to give him greater protection, unfortunately, when he does that. And if he claims under that, he forgoes his right to claim against the Government and must go himself directly against the carrier. To require servicemen to do that on their own would run sort of contrary to the purpose of the act.

Mr. MOORHEAD. Would that be true even if he had insurance with a \$15,000 deduction?

General REED: Well, we've looked into the deductible insurance. It's just not available. This is one thing that we looked to shortly after the \$15,000 limitation was raised to \$15,000, and we looked into it recently. Insurance companies just don't write that kind of insurance. That would be an ideal thing if an individual could have it—\$15,000 deductible policy.

We've looked at transit insurance. First of all, it's not available on domestic carriers. It's only available on international carriers. And there the exclusions are so great that it makes it almost valueless, because they will not insure against damage. They will only insure against loss.

The costs are prohibitive. We've looked into that as recently as this morning, seeing what kind of coverage is available for an individual. Your insurance policies, of course, all have the usual types of exclusions on riot, insurrection; that sort of thing. Frequently, to claim, you have to go against the carrier, the ocean carrier, if you're in international transport, which is the only way you can get transit-type coverage.

Colonel Shreve has looked into the insurance coverage issue and, frankly, it is not practical for individuals to be able to get insurance to cover these even modest increases in value that they may have.

Mr. DANIELSON. Go ahead, General. Then we can get to the questions here quickly.

General REED. OK. I've already covered the transit and private policies. Personal property floaters are available through commercial companies. And as I mentioned, they do not normally insure against damage due to hazards in transportation, personal property floaters. These policies are also expensive and generally are beyond the means of lower-grade military personnel, who frequently will have personal property and household goods in excess of \$15,000, as we've already noted in the claims that we've had.

In overseas areas, insurance against these increased risks of loss is just simply not available. And as I've mentioned, many of our Iranian evacuees who thought they had insurance against these risks were shocked when they found out that their insurance companies would not cover those losses.

Mr. DANIELSON. The Iranian emergency claim, of course, is different from your \$15,000 to \$25,000.

General REED. Yes, sir.

Mr. DANIELSON. They are two different things.

General REED. Yes, sir. They are two different things. I would say that they differ primarily in the aspect that the individual who is being moved on military orders has some opportunity to protect himself against small items. He can ship his jewelry, he can ship perhaps some items of great value that are irreplaceable, photographs and that sort of thing. But the other kind of losses frequently are similar.

I would mention also that we've established, I think, in the services a history of responsible administration of the claims benefits under the act. I think the best recent example in support of this statement is our effort in securing reimbursement of nearly 75 percent of all Iranian claims payments from the Government of Iran funds on deposit in this country.

In implementing the statutory mandate that the quality or type of property lost be reasonable, it would be useful and proper for the individual to have—as I've mentioned, we have maximum amounts payable for jewelry, antiques, stereos, collections such as stamp collections, coins. We're not buying high value collections and any other valuable item.

We require a standard of due care in protecting personal effects. Individuals who choose to serve in the Armed Forces have to expect periodic moves as part of their service obligation, and during a military career he can expect to be moved numerous times, frequently without long periods of notice, and in many cases to foreign countries. When it occurs, his personal possessions are subject many times to risk which the private citizen and his belongings never faces.

Likewise, many civilians, in addition to the military and the Department of Defense, face these same kinds of losses incident to transportation, and insurance to cover these risks is inadequate and unobtainable or unobtainable at a reasonable cost.

Mr. DANIELSON. General, I'm going to interrupt you, because that's in your statement, and we really want to try to move fast. Your people need some help and it will not help them if we just stay here and loll around with this the rest of 1980.

General REED. I'm prepared to respond to questions at this time.

[The complete statement follows:]

STATEMENT OF MAJOR GENERAL WALTER D. REED, THE JUDGE ADVOCATE GENERAL,
UNITED STATES AIR FORCE

SUMMARY OF TESTIMONY OF GENERAL REED

DOD and the Administration support legislation (H.R. 6099) which would:

Raise the maximum under the Military Personnel and Civilian Employees' Claims Act from \$15,000 to \$25,000.

Raise the maximum to \$35,000 for overseas evacuation claims.

These increases are needed because of—

Rising costs to repair and replace personal property.

Increased risks of loss overseas, as evidenced by events this past year in Iran and Pakistan.

Significant problems encountered by DOD personnel in attempting to secure private insurance and protect themselves against the financial consequences of loss.

Benefit versus cost analysis reveals—

Projected added cost would not be significant but

Military and civilian morale and inducement for entering and continuing membership in Armed Forces would be improved.

Mr. Chairman, members of the committee, I am Major General Walter D. Reed, The Judge Advocate General, United States Air Force. I appreciate the opportunity to appear before you to present the views of the Department of Defense and the Administration on the claims legislation being considered. I have with me the chiefs of the claims services of the Army, Navy, and Air Force.

The Air Force, on behalf of the Department of Defense and the Administration, has proposed legislation which is before this committee in the form of H.R. 6099. The bill amends the Military Personnel and Civilian Employees' Claims Act of 1964 as amended (31 U.S.C. 240-243) in two ways: (1) it raises the maximum payable under the Act from \$15,000 to \$25,000; and (2) it further raises the maximum to \$35,000 in the case of claims arising out of evacuation from overseas areas such as Iran.

The reasons for this proposed legislation are twofold: First, because of inflation and the rising costs to repair and replace household goods and personal effects, it is necessary to raise the present maximum on payment of claims to that level of protection historically provided by the Congress. Secondly, for

those military members and civilian employees serving overseas, where the risks of loss of personal property and household effects are greater than in the United States, there is a need for greater protection.

The present Act allows payment of up to \$15,000 for loss or damage of personal property owned by a military member or civilian employee if the property is of a type reasonably and properly owned, the loss was incurred incident to federal service, and the loss was not incurred as a result of the member's or employee's own negligence. Most of the claims meeting these criteria within the Department of Defense involve loss or damage to household goods and personal effects while being transported by government contractors from one official duty station to another or while the property is being stored in government contracted warehouses.

The practice of the Congress over the past twenty-four years has been to recognize the need to maintain a relatively constant level of protection by periodically raising the maximum payable under the Act. Therefore, according to the Consumer Price Index, to maintain the same level of protection deemed necessary by the Congress in 1964, when it raised the maximum from \$6,500 to \$10,000, and in 1973, when it raised the maximum from \$10,000 to \$15,000, it would now be necessary to raise the maximum to \$24,495. This proposed increase, as with the earlier ones, is due primarily to the general inflationary trend which has substantially raised the cost to repair and replace practically all household items. The Administration's bill, as well as H.R. 5706, H.R. 3487, and H.R. 2828, recognizes the need occasioned by these increased costs and provides added protection.

Let me now address the cost of that portion of our proposed legislation which would increase the present maximum under the Act from \$15,000 to \$25,000. For other than Iran evacuation claims, only a relatively small number of the 184,298 claims approved for payment by the Department of Defense in Fiscal Year 1979 had an adjudicated value in excess of \$15,000. For example, of the 59,318 claims approved by the Air Force for payment in Fiscal Year 1979, only 16 non-Iranian claims exceeded the \$15,000 maximum. If legislation raising the \$15,000 maximum to \$25,000 had been in effect in Fiscal Year 1979, the added expenditure to the Air Force for these 16 claims would have been only \$91,928, as compared to the \$18,637,902 actually spent.

Based upon this past experience of the Air Force, and the similar experience of the other services, the projected added cost to the Department of Defense if the present maximum was raised from \$15,000 to \$25,000 would be between \$280,000 and \$440,000 annually over the next 5 years. When this annual cost is balanced against the irreversible catastrophes which occur when our personnel suffer substantial or total losses of their household goods and personal effects, it appears the \$15,000 maximum is unrealistic, with its primary consequence being that it imposes economic hardships on a small number of unfortunate individuals.

While it may appear reasonable to require military members or civilian employees to protect themselves against losses of property incident to the hazards of their Federal service, the obtaining of adequate protection poses many practical problems. Protection can be in the form of a Government Bill of Lading (GBL) releasing the property at a higher value than normal or by purchasing insurance. The increased value GBL is only available domestically. It costs the member \$5.00 per \$1,000 of value, but does not provide the member any greater protection unless he elects to forego his right to claim under the act and proceed directly against the carrier. To require members to proceed directly against the carriers would run contrary to the purposes of the act.

The other alternative is private insurance, which can be obtained in several forms. Trip transit policies are not available for domestic moves and are only available through some international carriers. Where they are available, the exclusions are numerous; the cost is high; and the failure to insure the property for its full value may, unknown to the member, make him a co-insurer of his property. Personal property floaters are available through commercial insurance companies. They normally do not insure against damage due to the hazards of transportation. Those policies are also very expensive and are actually beyond the means of most lower grade military personnel. Few, if any, insurance policies provide for a \$15,000 deductible so as to permit the coverage of losses over the act's maximum. In overseas areas, insurance against the increased risks of loss occasioned by political unrest, civil disorders, and forced abandonment of personal property is simply unavailable. In fact, many of our Iranian evacuees who thought they had insurance against such risks were shocked and dismayed when they later were informed by their insurance carriers to the contrary.

Claims arising from overseas evacuation claims need special legislative treatment because of the events which occurred in Iran this past year where numerous Department of Defense personnel suffered substantial or total losses of their household goods and personal effects. As a result, increased coverage of \$35,000 is proposed to be retroactive for those claims occurring after December 31, 1978. This date was selected because we could find no claim for damage or loss incident to service in Iran prior to that date which exceeded the \$15,000 maximum. On the other hand, there were at least 179 instances of loss exceeding the \$15,000 maximum after that date.

The experience of the Department of Defense regarding Iran claims is reflected in the handout before you which is entitled, "Iran Evacuation Claims." As you can see in Part I, 1,294 claims were settled as of December 31, 1979 with payments amounting to \$7,070,237. However, almost 75 percent of this amount, or \$5,280,514, was reimbursed from Iranian funds which were on deposit in this country for the purchase of military goods and services under Foreign Military Sales (FMS) contracts. Therefore, the actual cost to the United States Government was \$1,789,723.

The reason we could not collect more, or pay our personnel the additional amounts shown in Part II.A. of the handout as uncompensated losses, was due to the fact that the Government of Iran's contractual liability was limited to reimbursement of expenses incurred by the United States Government in connection with FMS contracts. Not all of our personnel were assigned to Iran in furtherance of those contracts and, even for those who were, the liability of the United States Government for these claims was limited by the act to \$15,000.

Part III of the handout reflects both the additional amounts that could be paid by the Department of Defense for Iran claims if the maximum for such claims was raised to \$35,000 or \$40,000 and the amounts which could be expected to be reimbursed under Iranian FMS contracts under each of those limits. Thus, if the maximum payable on such claims was raised to \$35,000, the additional net cost to the United States would be \$302,474, but the additional cost to the Government of Iran would be \$893,075. If the maximum payable on such claims was raised to \$40,000, the additional net cost to the United States would be \$322,568; but the additional cost to the Government of Iran would be \$952,405.

The Air Force and the other military services have established a history of responsible administration of this act. The best recent example in support of this statement is our effort in securing reimbursement of nearly 75 percent of all Iranian claims payments from Government of Iran funds on deposit in this country. In implementing the statutory mandate that the quantity and types of property lost be "reasonable, useful or proper under the circumstances," the services have jointly adopted maximum amounts payable for jewelry, antiques, stereos, collections, paintings, and other valuable items. Due care is required of military and civilian members in safeguarding their personal effects, and where a claimant is contributorily negligent in causing the loss, no award is made. Depreciation is deducted consistent with insurance industry standards to arrive at the true value of items claimed. Substantiation of personnel claims is an absolute requirement, and all the military services have well-defined, uniform procedures and trained legal personnel with years of experience in investigating and adjudicating these claims. Should the present \$15,000 maximum be increased and a further increase authorized for overseas evacuation claims, the same high standard of administration would be maintained.

Individuals who choose to serve in the Armed Forces must expect periodic moves as part of their service obligation. During a military career, service members will have their property frequently moved to numerous installations, many different government quarters and a number of foreign countries. When moves occur, the personal possessions of our military are often subjected to many risks which the private citizen's belongings seldom face. Likewise, many civilians employed by the Department of Defense and other Federal agencies have their personal property subjected to those same risks. Insurance to cover these risks often provides inadequate coverage, is unobtainable, or obtainable only at significant cost. To require our Defense Department personnel to risk the catastrophic loss of their property in circumstances which are incident to their service, but without the ability to secure adequate insurance payments or other compensation when losses occur, is clearly inequitable. It is only proper that the Congress, through enactment of H.R. 6099, assume this responsibility. The added costs would be relatively small but the benefits, in terms of improved morale and a further inducement for entering and continuing membership in the Armed Forces, would indeed be great.

With regard to the other bills before the Committee today, let me make some brief observations. All of them—H.R. 6086, H.R. 2828, H.R. 3487, and H.R. 5706—support payment of claims arising out of the Iranian evacuation and similar situations. As already noted, we concur completely with their purpose—it is the same as that of H.R. 6099. The Administration's proposal differs principally from H.R. 6086 in that we believe the maximum amount payable to claims should be increased to \$25,000, with a separate maximum of \$35,000 for evacuation claims. Thus, while we support the purpose of the other claims legislation being considered by this committee, it is the position of the Department of Defense and the Administration that the provisions of its proposed legislation are preferable.

This concludes my prepared remarks. I am now ready to answer any questions you may have.

IRAN EVACUATION CLAIMS (THROUGH DEC. 31, 1979)

	Number	Amount
I. Claims paid and direct cost:		
A. Gross cost at \$15,000 limit:		
(1) Army	654	\$3,557,040
(2) Navy and Marine Corps	152	692,869
(3) Air Force	488	2,820,328
Total	1,294	7,070,237
B. Reimbursements from Iran's FMS accounts		
		5,280,514
C. Net expense to U.S. Government (25.3 percent of gross):		
		1,789,723
II. Claims with uncompensated losses:		
A. With \$15,000 limit:		
(1) Army	81	\$55,030
(2) Navy	19	151,685
(3) Air Force	79	624,884
Total	179	1,331,599
B. With \$25,000 limit:		
(1) Army	20	290,096
(2) Navy	19	98,367
(3) Air Force	23	128,231
Total	62	516,694
C. With \$35,000 limit:		
(1) Army	1	30,720
(2) Navy	2	44,423
(3) Air Force	6	60,907
Total	9	136,050
D. With \$40,000 limit:		
(1) Army	1	25,720
(2) Navy		
(3)	6	30,907
Total	7	56,627
III. Additional cost if limit were raised to:		
A. \$35,000—		
(1) Gross cost		1,195,549
(2) Reimbursement, assuming same rate of reimbursement from Iran's account as was experienced on payments already made (74.7 percent)		893,075
(3) Net (25.3 percent of gross)		302,474
B. \$40,000—		
(1) Gross cost		1,274,973
(2) Reimbursement (computed as above)		957,405
(3) Net (25.3 percent of gross)		322,568

Mr. DANIELSON. Appended to your statement is a table in two pages captioned "Iran Evacuation Claims Through December 31, 1979," and that is the recap of those emergency type claims arising out of Iran.

General REED. Yes, sir.

Mr. DANIELSON. Were the military, so far as you know, able in any way to mitigate some of the Iran losses by followup action on the part of your people who remained in Iran?

General REED. Yes, sir.

Mr. DANIELSON. And did you take that into consideration in computing the losses which you did compute and pay?

General REED. Certainly. The efforts to reduce losses were an element that figured in the total amount paid.

Mr. DANIELSON. Thank you. That is what I wanted in the record.

General REED. Yes, sir.

Mr. DANIELSON. Now, the Air Force—is the Air Force the administrator of all of these military claims, or does each branch of the service handle its own?

General REED. Each branch of the service handles its own personnel claims.

Mr. DANIELSON. Do you follow a uniform procedure?

General REED. Yes, sir.

Mr. DANIELSON. Now, someone has supplied us with a document captioned "AFM112-1 1," et cetera.

General REED. That's the Air Force Manual covering claims. Now, the other services have separate manuals. When I say we follow uniform procedures, there is a uniform committee that meets regularly to examine the claims procedures.

Mr. DANIELSON. Can you tell me this: Are they the same or at least substantially the same as the ones to which I referred?

General REED. They are substantially the same.

Mr. DANIELSON. Within it, you prescribe a form of making claims. You have a table 6-2, which is claims cognizable but not payable, et cetera. Is that not correct?

General REED. Yes, sir.

Mr. DANIELSON. Do you also have ceilings on what can be recovered in different categories?

General REED. Yes, sir.

Mr. DANIELSON. Was this information made available to the members of the Air Force?

General REED. Yes, sir. It's available at all installations.

Mr. DANIELSON. I imagine that's true of the Army, sir?

Colonel MOUNTS. Yes, sir.

Mr. DANIELSON. And the Navy?

Captain NERSETH. Yes, sir.

Mr. DANIELSON. I don't know how successful you are at getting the word out, but somebody in your installation has a copy?

Captain NERSETH. Someone should, sir.

Mr. DANIELSON. You might add to the manual some day, that if they want to know they can find out from their legal officer.

Maj. Gen. REED. I might add one thing, that when individuals pack their goods for shipment and these elements are gone over, so they are informed and reminded of the limitations on their property.

Mr. DANIELSON. All right. Now, sir, you also supplied us with a chronology of Air Force activities with respect to the Iranian evacuation; am I right?

Maj. Gen. REED. I believe so, yes, sir.

Mr. DANIELSON. We have one here. In two pages. It must have come from the Air Force. It says Air Force on it. Without objection, those documents that I've referred to will be received in the record.
[The documents follow:]

AIR FORCE

3 Dec 78—First Departure of Dependents on a *Voluntary Return*. (No shipment of Household Goods Authorized).

Mid to late Dec—Staff Discussions and *Informal Suggestions* to Buddy-up.

Over Xmas—Decision made not to open American School in Tehran.

Late Dec—Strong recommendation by State and DOD that dependents leave effective 2 Jan 79.

2 Jan 79—First movement of dependents (Ex. Paul Barube, household goods out, but not car).

Early Jan 79—Sale of personal property authorized.

Mid Jan 79—Decision made to make 1,000 lb shipments.

15 Jan 79—Pickup of 1,000 lb shipments began on lottery basis. Strong encouragement to buddy-up.

26 Jan 79—Shah departs.

Early Feb—USAF Major shot.

Early Feb—Khomeini arrives.

10 Feb—Attack on American facilities at Air Base.

11 Feb—Shah's government falls.

12-13 Feb—American Embassy attacked.

15-19 Feb—Full-scale evacuation.

[Air Force Claims Regulations Governing Personal Property Losses]

Chapter 6

PERSONNEL CLAIMS AND RECOVERIES (31 U.S.C. 240-243)

Section A of this chapter tells how to administratively settle and pay claims presented by Air Force military and civilian personnel for personal property damaged or lost incident to their service. Section B tells how recoveries for loss and damage to personal property are obtained from carriers, warehousemen, and contractors. Claims cognizable under this chapter must be settled under it, even though also cognizable under another.

SECTION A—PERSONNEL CLAIMS

6-1. General Provisions. See table 6-1, paragraph 1-1a for the explanations of terms used.

6-2. Presenting Cognizable Claims:

a. Presenting Claims for Separate Losses. A claim may be presented for each loss or damage to personal property that results from a separate loss or damage incident. For example, if an automobile, hold baggage, and household goods are separately transported and damage or loss occurs, each incident may be used as the basis for a separate claim, and each incident is covered up to the \$15,000 maximum payable under the statute. However, a claimant's loss or damage to personal property from separate incidents may be combined and presented as a single claim, if the total payable does not exceed \$15,000.

b. Emergency Advance Payment:

(1) In situations when a claimant has sustained extensive loss or damage in a single incident and has experienced hardship as a result, he may present a claim for readily provable losses, be paid, and later amend his claim when proof of damage or loss to other portions of his claim has been established. The amount of the payment is entered in CAMP as an emergency advance payment in accordance with paragraph 3-7e. The approving authority settles the partial claim up to the delegated payment authority possessed and returns the file to the claims officer for the claimant to present the balance of his claim. When the balance of the claim is finalized, the amount of the total award, including the emergency advance payment, is entered on the AF Form 176 (Rules 37-39, Table 3-1). When the amount of the total award exceeds the authority of the original approving authority, forward the file to the next higher approving authority for action.

(2) In situations when a claimant has sustained extensive loss or damage in a single incident and submits his entire claim, if a hardship arises, a partial settlement of the claim may be made in the amount of the approving authority's delegated authority before forwarding the file to the next higher approving authority. The amount of the payment is entered in CAMP as an emergency advance payment in accordance with paragraph 3-7e. When the balance of the claim is finalized, the amount of the total award, including the emergency advance payment, is entered on the AF Form 176 (Rules 37-39, Table 3-1).

6-3. Claims Cognizable Under This Chapter. Claims for tangible personal property (including money) lost or damaged incident to service are cognizable and payable under this chapter, but only for the types, quantities, or amounts that the approving authority determines to be reasonable, useful, or proper under the circumstances at the time and place of the loss. In making his decision, the approving authority will consider the type and quantity of property involved, the circumstances attending its acquisition and use, and whether possession or use by the claimant at the time of the loss or damage was incident to service (paragraph 6-11 and table 6-3).

a. Borrowed Property. Property borrowed from others may be the subject of a claim. For example, if one airman borrowed a suitcase from another to transport personal property while on TDY and the suitcase was damaged or lost en route, the borrower would be the proper claimant. However, this provision does not cover property being transported merely to accommodate another. For example property damaged while being transported by one person for another merely to avoid a weight restriction is not cognizable under this chapter.

b. Transportation Losses. Cognizable transportation losses include those incident to transportation or storage pursuant to orders, travel under orders, and duty performance, including losses to property in the custody of a common or contract carrier or other commercial firm under contract with the Government, including transportation or storage under the commuted rate method, a Government agency, or a claimant traveling in a private or public conveyance in duty performance. Claims for loss or destruction of property stored at a commercial facility for the personal convenience of a claimant and at his own expense are not payable under this chapter. If, however, such storage at the claimant's expense was not for personal convenience but instead incident to his service, such as after the expiration of authorized SIT while awaiting imminent assignment to Government quarters, or when private storage of the property is necessitated by military reasons such as extended continuous TDY periods for which no entitlement for storage at Government expense exists, the claim would be payable.

TABLE 6-1.—GENERAL PROVISIONS

Governing statute (A)	Proper claimants (B)	Statute of limitations (C)	Right of appeal (D)
31 U.S.C. 240-243—Military Personnel and Civilian Employees' Claims Act of 1964, amended Sept. 15, 1965 (79 Stat. 789)—provides that claims may be considered when the personal property is reasonable, useful, or proper and the loss, damage, destruction, capture, or abandonment was incident to Service. If a claim is cognizable under this statute, it must be processed under this chapter; if doubt exists, the approving authority makes final determination (but see par. 6-3h(4)).	All active duty Air Force personnel and civilian personnel and AFRes and ANG military personnel engaged in inactive duty training under Federal law, their authorized agents and legal representatives, and their survivors in following order of precedence: 1. Spouse. 2. Child or children. 3. Father, mother, or both. 4. Brother, sister, or both. Air Force retired military personnel, if damage is in connection with last movement of personal property incident to service. (See annotation.)	Claim must be presented in writing within 2 years after it accrues, except during war or armed conflict, or if war or armed conflict occurs within the 2-year period following accrual, when claimant shows good cause, the claim may be presented within 2 years after the cause ceases to exist but no more than 2 years after termination of the war or armed conflict. A claim accrues when loss or damage is or should have been discovered by claimant even though such loss or damage occurred at a prior time. (See par. 4-22). (See annotation.)	Action of approving authority is final, but he may reconsider a decision under para. 4-49c.

Notes: (1) Effective January 1969, ANG technicians (32 U.S.C. 709) became Federal employees as to claims accruing on and after that date. Claims that accrued before that date are not payable unless covered under ch. 7, 10, 12, or 15. (2) Claims of DOD schoolteachers and administrative personnel will be processed and settled by the military department assigned geographic responsibility under AFR 214-2. Such personnel are employees of the Service with geographic responsibility. (3) Claims of DOD civilian officers or employees (par. 2-9b(2)). (4) Added.

(1) Although the Joint Travel Regulations (JTR) for the Uniformed Services do not usually authorize property to be shipped on orders if it was acquired after the effective date of orders, the Air Force does not disapprove claims for household goods which were part of the property shipped.

(2) Normally, no more than \$100 may be approved for standard vehicular tools and related emergency equipment of the type generally shipped in an automobile. However, if no household goods are shipped and other types of automobile tools and emergency equipment are shipped with the car, the \$50 limitation will not be applied to the special tools and equipment, and the shipper may be awarded additional compensation for their reasonable and proper value.

(3) Actual released valuation of household goods is shown on the Government bill of lading. EXCEPTION: Released valuation for CONUS interstate shipments will not be shown on the Government bill of lading when the governing Military Rate Tender provides that shipments will be deemed released at a value of 60¢ per pound per article. If the owner requests a valuation in excess of the prescribed minimum of 60¢ per pound per article, this will be annotated on the Government bill of lading.

(4) Claims for depreciated value of missing property that is replaced by necessity when a shipment is lost for a long period of time are payable. If the replacement of items essential to everyday use is necessary, the depreciated value can be awarded even though missing items are delivered before claim is presented or perfected (paragraph 6-14). The approving authority will determine which items are essential and whether they could have been borrowed from Government sources.

c. Losses Resulting From Marine or Aircraft Incident. Losses experienced by crewmembers and passengers in marine or aircraft incidents while in a duty status are cognizable. They may include jettisoned baggage, items of clothing being worn at the time of the disaster, a reasonable amount of money, reasonable and proper amounts of jewelry, and other lost items. Losses by Air Force members or employees in leave status are payable only if they occur during authorized Government transportation.

d. Losses due to Enemy Action, Public Service or Civil Disturbance: Such losses may include:

(1) Those due to enemy action; action to prevent capture or confiscation; or combat, guerrilla, brigandage, or other belligerent activity, regardless of whether the United States was involved; or unjust confiscation by a foreign power or its nationals.

(2) Action by the claimant to quiet a civil disturbance, alleviate a public disaster, or save human life or Government property.

(3) Those due to riots or civil disturbances which result in incident to service personal property losses. This includes isolated incidents.

e. Loss of Money. Cognizable money losses are those resulting from:

(1) Nonavailability of local commercial facilities or when existing facilities are not generally used by US personnel.

(2) Failure of Government officials to either apply as directed or return personal funds turned over to them; because of their apparent authority to receive them, for safekeeping; deposit in Uniformed Services Savings Deposit Program; transmission by personal transfer account; purchase of US bonds or postal money orders; conversion into military payment order, Government check, or other kind of currency; or other authorized disposition. When a Uniformed Services Savings Deposit claim is determined payable, the claimant is entitled to the principal sum deposited, plus interest accrued to the time the claim is approved (Pub. L. 89-538 (80 Stat. 347)).

(3) Theft from assigned quarters in the United States, any quarters outside the United States, or from other authorized places (see paragraph 6-3g).

(4) A marine or aircraft incident (see paragraph 6-3c).

(5) Enemy action or public service (see paragraph 6-3d).

(6) Theft from the person of the individual in an area in which he is required to be, which theft, because of the characteristics of the area and its population, cannot be avoided by the exercise of due care. Example: In order to report to duty from his quarters, the claimant must travel through a high crime area where he is robbed. If, however, the claimant subjects himself to unnecessary risks by not utilizing the means of security available or avoiding, when he can, placing himself in jeopardy, then he should be considered to have assumed the risk of loss.

f. Damage to or Loss:

(1) Privately Owned Automobiles and Other Motor Vehicles and Their Component Parts (including tools) when shipped: To, from, or between oversea areas under permanent change of station orders; on a space-required reimbursable basis in connection with oversea travel under orders; or as a replacement vehicle under the provisions of Pub. L. 89-101 (79 Stat. 425) (JTR, volume 1, chapter 11, paragraph M11006) (including on-loading and off-loading operations). Under special or unusual circumstances, damage or loss of component parts (including tools) that have been accepted by the Government for shipment may be recommended to the approving authority for consideration as a transportation loss ((2)b above).

(2) House Trailers and Contents in Shipment. In the absence of clear evidence of structural or mechanical failure for which the manufacturer can be held liable, the service member will be reimbursed for damage to a house trailer transported pursuant to JTR, paragraph M10003. All claims for loss or damage to contents of a house trailer must be supported by a copy of the inventory of such contents (DD Form 1412) prepared at the time the trailer was shipped and by a statement of the condition of the trailer before shipment, if appropriate (JTR, volume 2, chapter 7, paragraph C7100-5 and volume 1, chapter 10, paragraph M10003). See also paragraph 6-22.

g. Losses at Quarters or Other Authorized Places. Damage to or loss of property caused by fire, lightning, flood, hurricane, typhoon, tornado, cyclone, explosion, earthquake, similar catastrophes and disasters, or other unusual occurrences or by theft or vandalism, while located at quarters, other authorized places, or, in respect to privately owned vehicles, anywhere on a military installation. As used herein, quarters are defined as:

(1) Housing accommodations wherever situated, which are assigned to the claimant or are otherwise provided in kind by the Government including substandard quarters and trailers for which the claimant pays the Government a fixed rental while drawing his BAQ and privately owned mobile homes for which parking space is provided by the Government on base.

(2) Transient housing accommodations, wherever situated, such as hotels, motels, guest houses, transient barracks, or other place of lodging occupied by the claimant in conjunction with the performance of temporary duty or similar authorized military assignment of a temporary nature.

(3) Housing accommodations occupied by the claimant outside the United States but not assigned or otherwise provided in kind by the Government. If the claimant is a civilian employee who is a local inhabitant, a claim arising out of damage to or loss of his property located at his quarters is not cognizable unless the quarters were assigned or otherwise provided in kind by the Government.

(4) Garages, carports, or attached buildings and driveways connecting the buildings with a street or thoroughfare and parking lots adjacent to quarters, if specifically assigned for use by occupants of those quarters. This includes also parking places on the street at assigned quarters and, in overseas areas, at economy quarters when the space is reserved and designated for the use of such occupants or on the street in the immediate vicinity of such quarters where a space is not so reserved.

(5) The area immediately around and adjacent to such quarters in respect to those items of property which cannot be or commonly are not stored within the living area of such quarters. Nonexclusive examples of such property are motorcycles, motorbikes, scooters, bicycles, lawn mowers, garden equipment and furniture, boats, etc. (See Annotation.) As used herein, the term "other authorized places" means a place authorized or apparently authorized by the Government to receive or store property such as a warehouse, office, hospital, baggage holding area, and any area on a military installation for the parking and/or storage of privately owned vehicles, including automobiles, motorcycles, bicycles, utility trailers, camping trailers, boats, boat trailers, etc. The term, military installation, is to be construed broadly to include any fixed real estate controlled and used by military activities or the Department of Defense.

NOTE.—Handle claims for losses at offices or place of duty by local inhabitant employees the same as those of active duty Air Force military and civilian personnel.

h. Claims Arising From Theft:

(1) As indicated in subparagraphs b, c, and f above, claims for the loss of property due to theft are cognizable and payable under this chapter. Before any

such claim can be paid, however, it is necessary to determine whether the loss was "caused wholly or partly by the negligent or wrongful act of the claimant, his agent, or his employee." In this respect, the claimant's failure to exercise reasonable care to protect and secure the property which had been stolen can be considered negligence. What amounts to reasonable care varies with the facts of each situation. What would be reasonable with one item of property may very well be insufficient with another. Similarly, what would be reasonable in one part of the world may amount to a complete and wanton disregard for the security of the same item in another area. Each claim, therefore, has to be decided on its own facts, and, for the most part, a stock formula for making such decisions is not possible. Instead, the approving authority will have to determine based upon the value of the property, its portability, its securability, the availability of security facilities, and the known risk of theft in the area whether or not the claimant exercised due care.

(2) There is, of course, the necessity of establishing that the theft in fact occurred. Claims for the loss of items that mysteriously disappeared cannot be paid. There must, therefore, be evidence of larceny, burglary, robbery, or house-breaking in order for a claim to be considered. However, in recognition of the fact that such evidence may not be readily obtainable, especially in theft from barracks or barracks type facilities cases where for example more than one individual occupies a room or the keys to such room are not strictly accounted for, this evidence may be completely circumstantial. For example, if the claimant can prove that he possessed the property, that it was in his room when he left, that it was properly secured, that it was missing upon his return, and that he had not disposed of it by sale, gift, pawning, etc., it may be inferred that the property was in fact stolen.

(3) It is commonly recognized that money and certain types of property are particularly susceptible to theft. Items such as cameras, jewelry, watches, radios, tape recorders, and other small items of substantial value are readily marketable with only a slight possibility of any diminution in value. The individual who possesses such property is expected to realize this and be especially careful in protecting it. In respect to cash, the individual is not expected to have large amounts of it in his quarters. In most instances, there should be very little reason to have more than 1 month's pay, including allowances, at any one time. Circumstances may be such that would justify having a larger amount, such as just prior to a PCS move, immediately before an extended TDY, in preparation for extensive shopping for a large item or items, and so forth. Even in those instances, however, the claimant should have some reason as to why the cash could not have been converted to traveler's checks, money orders, or deposited in a commercial banking facility. If cash or the other valuable items are not in the immediate possession of the claimant or his agent, due care is required to have them secured within an area that is itself secure. To do less would usually constitute negligence and preclude reimbursement for the resulting loss.

(4) In considering claims for theft from the person, it must be established that the theft occurred by use of force, violence, or threat to do bodily harm, or by snatching or pickpocketing and at the time of the theft the claimant was either on a military installation, utilizing a recreational facility operated or sponsored by the Department of Defense or any agency thereof, or in the performance of official duty including traveling between his place of duty. The theft must have been reported to appropriate police authorities within 24 hours or as soon thereafter as reasonable or practicable. Additionally, it must have been reasonable under the attendant circumstances for the claimant to have had on his person the quality and quantity of the property allegedly stolen. In respect to cash, although no arbitrary limit can be established, it would be generally unreasonable for the claimant to possess more than one half of one month's pay. If, however, there is some cogent reason for him to have more, that is, imminent reassignment, TDY, R&R, and so forth, then consideration can be given to compensating him for up to the full amount of his loss. To be compensable, a theft loss between quarters and place of duty must occur while the claimant is en route between those points without deviation for personal purposes. If claim for theft from person falls within the purview of Article 139, UCMJ and chapter 5 and can be expeditiously and successfully processed either in whole or in part under that chapter, it should be processed according to paragraph 5-8.

NOTE.—Foreign indigenous employees are not covered unless the theft occurs on a military installation.

i. Clothing and Accessories Worn on the Person. Claims for such items may include eyeglasses, hearing aids, or dentures, but not items of Government property. (See paragraph 6-11 for replacement in kind authority.)

j. Damage to, theft of, from, or destruction of privately owned vehicles used in the performance of military duty. When a vehicle owned by a member is used with specific advance permission of the appropriate supervisor in the performance of a military duty, its damage, loss, or destruction is cognizable under this chapter. Such use must not be for the convenience of the owner but must be occasioned by the nonavailability of official transportation for the particular trip in question. Further, the rules regarding insurance in table 6-2, rule 7 and PCS travel in table 6-2, rule 14, apply to this type of claim. Travel between quarters and place of duty and parking incident thereto must not constitute use in the performance of duty under this chapter. Claims approving authorities must require adequate documentation of the permission for the specific use and of the nonavailability of official transportation prior to settlement of such claims. Further, any deviation from the principal route or purpose of the travel must remove the entire trip from consideration under this subsection.

6-4. Cognizable Claims Not Payable. Although otherwise within the scope of this chapter, the type of claims shown on table 6-2 are not payable.

6-5. Claims Not Cognizable:

a. Any claim that did not arise incident to service.

b. Subrogation claims. (See Annotation.)

c. Assigned Claims.

d. Conditional vendor claims.

e. Portable housing located off base in foreign countries except for house trailers that can be readily put in motion.

f. Claims by non-Air Force personnel, such as Red Cross employees (see Annotation), USO performers, contractor employees (including technical representatives), nonappropriated fund employees (but see chapter 16), Civil Air Patrol and AFROTC members and cadets. However, a member of another United States Armed Force may present a claim to the Air Force for loss of or damage to personal property incident to his service under 31 U.S.C. 240-243. The claims officer investigates such claims locally under the provisions of this chapter and forwards the completed file direct to the nearest installation of the Service concerned. He includes in the file appropriate recommendations and all required supporting documents, including evidence pertaining to recovery from a carrier, insurer, or other third-party.

g. Charges for labor performed by owner. (See Annotation.)

h. Financial losses sustained due to modified or cancelled PCS orders. (See Annotation.)

i. Expenses of in-transit (en route) repair of house trailer. (See Annotation.)

j. Inconvenience expenses. (See rule 17, table 6-2 and Annotation.)

k. Losses of or damage to real property.

l. Loss of use of personal property.

m. Cost of food and lodging while awaiting shipment.

n. Attorney fees.

o. Cost of preparing claim.

p. Cost of personal property insurance premiums.

6-6. Computation of Award. Approving authorities will use the factors shown in table 6-3 to determine awards.

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6-6.1

★ TABLE 6-2

CLAIMS COGNIZABLE BUT NOT PAYABLE UNDER CHAPTER 6

R U L E	A	B
	Claims for	Remarks
1	Small items of substantial or extraordinary value including money shipped with household goods or as unaccompanied baggage (includes stamp and coin collections and trading stamps) that are missing on delivery of shipment unless the items have been specifically declared and described at the time of application for shipment of personal property (AFM 75-4, paragraph 1-7, 13 Nov 1970) (See Note) (See Annotation)	Articles easily lost, or pilfered (including watches and expensive jewelry such as rings, pins, brooches, necklaces, and bracelets) should be carried or shipped as high-value items—for this purpose sterling silver flatware, hollowware, costume jewelry, and silver service are not items of extraordinary value and require no special handling unless shipped in a house trailer.
2	Articles acquired, purchased, possessed, or transported for persons other than the claimant or members of his immediate family except as reasonable bona fide gifts	This category includes articles acquired at the request of others and articles for sale or use in a private business enterprise.
3	Intangible property	A chose in action, or evidence thereof, such as bankbooks, promissory notes, stock certificates, bonds, bills of lading, warehouse receipts, baggage checks, insurance policies, money orders, and travelers' checks, is not a basis for payable claims.
4	Government property	Includes property furnished through the Armed Forces Clothing Monetary Allowance System or through issue (AFM 67-1), except, when military clothing is lost or damaged in shipment incident to a service member's last move before release from active duty or when items of clothing are in excess of the quantity required under the Monetary Allowance System.
5	Enemy property	
6	Property at quarters within the United States that were not assigned or otherwise provided in kind to the claimant, including theft	
7	Losses recovered or recoverable from an insurer.	Except if loss was not recovered and is no longer recoverable and the reason it is not recoverable is not the knowing or intentional act or omission of the claimant, his agent, or his employee. Claim should then be processed in same manner as if claimant did not have insurance.
8	Losses not recoverable from carrier because of negligence of claimant, or his agent or employee	
9	Property for which losses, or any portion of losses, have been recovered or are recoverable pursuant to contract	Pursue action against insurer if insurance still in effect.
10	Damage to property caused by negligence of claimant	Includes damage or loss of personal property caused in whole or part by lack of due care, negligence, or wrongful act of the claimant, his wife, or other agent or an employee while acting within the scope of his employment.

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TABLE 6-2 (Continued)

R U L E	A	B
	CLAIMS FOR	REMARKS
11	Theses or other similar items.	A thesis, or other similar item, is compensable only to the extent of the out-of-pocket expenses incurred by the claimant in preparing the item, such as the cost of the paper or other materials therein. Compensation is not authorized for the time spent by the claimant in the preparation thereof nor for the literary value of the item.
12	Fees for obtaining repair estimates in connection with submitting a claim under this chapter.	Exception: When the approving authority determines that the claimant could not obtain an estimate without paying a fee, he will allow an amount that he determines to be reasonable in relation to the value of items or cost of repairs, but only if the fee will not be credited to the cost of repair when the work is accomplished.
13	Items acquired, possessed, transported, or stored in violation of any US Armed Force directive or regulation.	
14	Motor vehicles.	If damage to claimant's vehicle occurred while used on TDY or PCS, with travel by POV permitted by orders, but see paragraphs 6-3d(3) and 6-3g.
15	Items fraudulently claimed.	When investigation discloses that a claimant, his agent, or employee has intentionally misrepresented the cost, condition, repair cost, etc. of any item claimed, that item will be disallowed in its entirety even though it sustained actual damage. However, the remainder of the claim, if proper, will be paid. This action will not preclude investigation and action under UCMJ, if warranted. (NOTE: A mere mistake in stating the amount of damage or loss will not be considered intentional misrepresentation for claims purposes.)
16	Agent or attorney fees.	
17	Inconvenience expenses.	These include additional expenses to the claimant incurred as a result of a delay in the transportation of his property, the need to travel to a port to drop off or pick up a vehicle, etc.

NOTE: If small items of substantial value are lost or destroyed because of fire, flood, hurricane, sinking of vessel, or other serious occurrence, the foregoing is not applicable. Items of extraordinary value, except bulky items, are not payable unless declared and described at time of shipment. (See Note 10, Table 6-4.) (See Annotation.)

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TABLE 6-3
(USE IN CONNECTION WITH TABLE 6-4, ALLOWANCE LIST-DEPRECIATION GUIDE)
COMPUTING AWARDS

R U L E	A	B	C	D
	When evaluating	base computation on	and consider	and base award on
1	cost or value	whether article is economically repairable, and determine by comparing reasonable cost of repairs with local market price of a replacement item, less depreciation and salvage value of damaged item (see Note)	actual cash replacement price, catalog prices, statements of local merchants, and other items when determining replacement costs, Exchange prices for military if Exchange has items.	reasonable cost of repair, if item is economically repairable, or actual cost or replacement price, less depreciation and salvage value, if lost or not economically repairable (see Note 1).
2	depreciation	percentage or rate of depreciation	the nature, type, purchase price or other market value at time of acquisition; condition when lost or damaged; length of time between acquisition and loss or damage,	the facts in each particular case. (See Note 3.)
3	Expensive articles (includes antiques and unique items)	evidence submitted	Table 6-4	Maximum amounts payable or the established value of the article (See Annotation)
4	overweight shipments		that no reduction in claim is to be made because of excess weight of damaged shipment.	
5	pre-existing damage and betterment	a determination, insofar as practicable, of what part of damage existed before shipment and what actually accrued in shipment; if property stored by claimant at his own expense, then later shipped on government-authorized order, insures that only damage not pre-existing government shipment is considered,	that pickup and delivery inventories are essential to making this determination,	only damage that actually occurred during shipment.

NOTES: 1. If computation shows repair cost is higher, the article is not economically repairable. Do not depreciate transportation costs if replacement item is not locally available.

2. See paragraphs 6-7b and 6-8 for computation policy on insurance and carrier recovery.

3. Base depreciation on replacement value or higher market value. (See Annotation.)

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DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, D.C. 20324



REPLY TO
ATTN OF JACC

SUBJECT: Letter Change 79-1 to AFM 112-1

14 AUG 1979

TO: All Staff Judge Advocates
Chief Circuit Military Judges

1. The attached revision of Table 6-4, AFM 112-1, Table of Allowances-Depreciation Guide, is distributed in accordance with Message 091207Z dated 9 August 1979. This change, effective 1 September 1979, will be substituted for Pages 6-9 through 6-20, AFM 112-1. It will be incorporated in the manual at the next published change.

2. In keeping with inflationary trends, maximum payments have been increased for several categories. In some instances, rates of depreciation have been changed to reflect more realistic rates based on the useful lives of particular items. In other cases, maximum payments have been imposed on items that previously had no payment limitations. The following major changes are called to your attention:

a. \$10,000 maximum has been imposed on motor vehicles lost or damaged in shipment. Added to the vehicle category are motorbikes, mopeds, etc., with a \$750 maximum for on-base damage or loss (Rule 6).

b. Automotive radios and accessories - A maximum of \$125 per item established (Rule 10).

c. Binoculars, microscopes, telescopes, etc. - \$350 maximum per item and \$1500 maximum per claim established (Rule 21).

d. Books - Depreciation changed from FR (flat rate) to per year depreciation rate and maximum payment per claim increased to \$1800 (Rule 27, Rule 28).

e. Decorative Candles (new category) added with \$50 maximum per item (Rule 36).

f. Clothing - Maximum payment per claim increased (Rule 45 and Note 12).

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g. Expensive clocks other than grandfather, grandmother-\$500 maximum per item established (Rule 46).

h. Hobbies or Collections - Maximum increased to \$1500 per claim whether for a single hobby or collection or a group of hobbies or collections. (Rule 47).

i. A maximum of \$500 per stereo component established (Rule 78).

j. Depreciation rates changed for TV picture tubes (Rule 62).

k. Firearms - Maximum of \$1500 per claim established (Rule 66).

l. Depreciation removed from fine jewelry (Rule 81) and objects of art (Rule 98).

m. Maximum of \$750 per claim established for fine linens and additional maximum of \$750 per claim established for ordinary linens (Rule 86).

n. Photographic Equipment - Maximum increased to \$1500 per claim (Rule 105).

o. Pianos and Organs - Maximum increased to \$2500 per item (Rule 97).

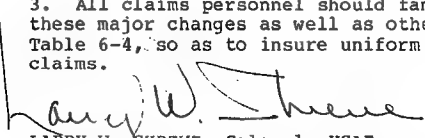
p. Pool Table (new category) added with a maximum payment of \$1000 per claim. (Rule 108).

q. Schranck - Depreciation rate changed to 5% per year; maximum increased to \$1500 per claim.

r. Sporting Equipment and Supplies combined into a single category; depreciation rate changed and \$1500 maximum per claim established (Rule 123).

s. Note 6 contains the added rule that no depreciation is to be taken on parts, accessories, etc. which are not normally replaced during the lifetime of an item.

3. All claims personnel should familiarize themselves with these major changes as well as other changes in the revised Table 6-4, so as to insure uniform and equitable settlement of claims.


LARRY W. SHREVE, Colonel, USAF
Chief, Claims and Tort Litigation Staff
Office of The Judge Advocate General

1 Atch
Table 6-4, AFM 112-1,
1 Sep 79

Table 6-4 Allowance List -- Depreciation Guide

1 September 1979

For use only after items have been determined to be personal property, substantiated in quantity and value, and a determination has been made that the items are reasonable, useful, or proper under the attendant circumstances.

The following rates of depreciation are established as guides and will be used in accordance with AFM 112-1, Table 6-3, Rule 2. The rates set forth below are to be applied where the items have been subjected to Average Usage. In cases where personal inspections or particular family traits and habits establish that the property has been subjected to Less Than Average Use or More Than Average Usage, these rates of depreciation should be reduced or increased in the sound discretion of the approving or settlement authority to provide a fair reimbursement to the claimant and a reasonable payment by the Government.

NO	ITEM	DEPRECIATION			MAXIMUM PAYMENT	DISCUSSION	Depreciation for Fairer Recovery		
		PER YEAR	FLAT RATE	MAXIMUM			Per Year	Flat Rate	Maxi- mum
1	Adding Machines	5%		75%			10%		90%
2	Air Conditioners	5%		75%	\$750 per item		10%		90%
3	Antiques (other than furniture)				\$500 per item \$3000 per claim	Adjudication of antiques, see Note 1 For antique furniture, see Item No. 69.			
4	Aquariums	10%		75%			10%		90%
5	Artificial flowers and fruits		25%					25%	
6	Automobiles and all motor vehicles including recreational vehicles, trailers, motorcycles, etc. as well as,	varies			\$1000 per vehicle	There is no maximum limitation on mobile homes, trailers, etc., used as permanent living quarters. A maximum payment limitation of \$10,000 is applicable to motor vehicles, mobile recreational vehicles, etc., damaged, destroyed, or missing during Government authorized transportation.			
	Mopeds, minibikes, motorbikes, etc.	varies			\$750 per vehicle	This category does not apply to mopeds, minibikes, etc., damaged, destroyed or missing during Government authorized transportation.			

NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for CAPITAL EQUIPMENT		
		PER YEAR	FLAT RATE			PER YEAR	FLAT RATE	MAXI- MUM
7	Automobile batteries	20%	75%		If damaged, consider depreciation on length of use/guaranty period ratio; otherwise, use 20%	30%		75%
8	Automobile convertible tops seat and floor coverings	20%	75%			25%		75%
9	Automobile paint jobs	10%	75%		Complete paint jobs, both material and labor will be depreciated. Minor paint jobs, no depreciation on labor or materials. Special technique paint, such as scenic views and pinstripping, and special types of paint, such as metallic fleck paint, will be limited to the cost of ordinary (standard) types of paint jobs.	15%		75%
10	Automobile and all motor vehicle radios and accessories	10%	75%	\$125 per item	Such radios include CB radios, Ham radios and all types of special frequency receivers and transceivers. Accessory equipment (such items as antennas, slide mounts, speakers, head sets, cables, microphones, etc.), is included in the maximum amount allowable. See Item No. 62 for radios not included in this category.	10%		75%
11	Automobile tires	30%	75%		Compute applicable depreciation on basis of "miles used/30,000 miles" (or mileage guarantee period ratio if mileage is known). Otherwise use 30%	30%		75%
12	Baby bassinets and carriages	10%	75%		Also see furniture - Item No. 69.	10%		75%

NO	ITEM	PER YEAR	DEPRECIATION FLAT RATE	MAXIMUM PAYMENT	DISCUSSION	DEPRECIATION FOR CARRY OVER		
						Per Year	Flat Rate	Max. Pay.
13	Bags, clothes and shoes (fabric or plastic)	20%	75%			20%		75%
14	Barbecue grills (includes Hibachi Pots)	10%	75%			10%		90%
15	Barber equipment (electric razors, clippers, shears, scissors)	10%	75%		See Item No. 62.	10%		75%
16	Baskets (wicker or plastic)	20%	75%			20%		50%
	Betal	10%	75%			10%		75%
17	Bathroom scales	10%	75%			10%		75%
18	Bedding (includes mattresses, box springs, pillows, comforters, quilts and blankets, except electric) Comforters and Cotton Blankets Quilts and Wool Blankets Mattress Covers or Pads	5%	75%		Also see blankets (electric) Item no. 22. For quilts also see No. 86, Linens.	5%		90%
19	Bedspreads	20%	75%		Heirloom or crocheted max payable-\$250.	20%		90%
20	Bicycles	10%	75%			10%		75%
21	Binoculars, microscopes, telescopes Inexpensive - \$50 or less Expensive - \$50 or more	10%	75%	\$350 per item \$1500 per claim		5%		50%
22	Blankets - electric	10%	75%			10%		75%
23	Blinds - venetian	5%	75%		See Item No. 59 for curtain rods, drapery rods, etc.	5%		75%
24	Boats & motors including outboard motors			\$1000 per claim	Use local used boat retail value.			

NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for		
		PER YEAR	FLAT RATE			Year	Flat Rate	MAX. Rate
25	Boating equipment & supplies (exclusive of - motors)	20%		\$500		20%		75%
26	Bookends		10%					10%
27	Books (Bibles, classics, encyclopaedia, professional texts & similar works) also, cook books, how-to-books and other similar books	10% 1st yr 5% there- after		\$1800 per claim for all books including books under Item No. 28	Does not include lecture notes and theses (see Item No. 128). Includes medical, dental, law, and other professional books			25%
28	Books (current fiction and all non-current works other than classics)	10%		See Item No. 27 above				50%
29	Boxes (jewelry, cigarette, collar, music, etc.)	5%				5%		75%
30	Bric-a-brac (all types)		10%		Bric-a-brac is defined as inexpensive figurines, sculptures, ornamental or sentimental items, as distinguished from expensive objects of art (See also Item Nos. 47 and 98).			10%
31	Briefcase	5%				5%		75%
32	Brushes (hair, clothes, etc.)	20%				20%		75%
33	Calculators	10%			See Item No. 37	10%		90%
34	Camel saddles (footstools)	5%				5%		75%
35	Cameras & photographic equipment				See Item No. 103.			
36	Candles (decorative)		25%	\$50 per item \$200 per claim				25%

NO	ITEM	PER YEAR	DEPRECIATION FLAT RATE	MAXIMUM PAYMENT	DISCUSSION	DEPRECIATION FOR CERTAIN PURPOSES		
						PER YEAR	FLAT RATE	MAX PAY
37	Cards (greeting - includes Xmas & other religious cards)		50%		If boxes are unopened or unused - no depreciation.			50%
38	Cards (playing)		25%		Same rule as Item No. 37.			25%
39	Card tables	10%		50%			10%	50%
40	Ceramic animals		20%	\$75 per item maximum of 4 items	The property intended in this category are floor-type items, such as elephants, also known as buffies, etc.			10%
41	Chandeliers			\$350 per item \$700 per claim	See Item No. 52.			50%
42	Chess sets, etc.		25%	\$350 per claim	This category is distinguished from children's toy sets and games. Also included is backgammon and similar sets.			25%
43	Chests (ice, picnic, etc).	10%					10%	75%
44	China (fine)			\$1000 per claim	To be fine china a five piece place setting must cost at least \$30. No depreciation on replacement price. See "Crockery" - Item No. 51.			
45	Clothing (mens, womens & childrens)	30% 1st yr 10% each succeeding year		See Note 12	WEDDING GOWNS, See Item No. 146. Wrinkled clothing, See Note 13.			20% 1st yr; 10% each succeeding yr max 75%
	Underwear, socks, pajamas, handkerchiefs, etc.							33% 1st yr; 10% each succeeding yr
	Military clothing	See Note 12		See Note 12				

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NO	ITEM	DEPRECIATION			MAXIMUM PAYMENT	DISCUSSION	Depreciation for		
		PER YEAR	FLAT RATE	MAXIMUM			Per cent	Flat Rate	Max
46	Clocks								
	Inexpensive (\$25 or less)	10%		75%		See Item No. 47 for collection. See Note No. 1 if antique	10%		75%
	Expensive (Over \$25)	5%		75%	\$500 per item		5%		75%
47	Grandfather & Grandmother clocks	5%		50%	\$1000 per item		5%		50%
	Collections or hobbies (Coins, stamps, electric trains, firearms, bottles, phonograph records, tape recordings, sporting equipment, etc.)	Use rate indicated for individual items elsewhere on chart otherwise 10% Flat Rate			For per item maximum, see specific category. \$1500 per claim for one collection or hobby or for a combination of collections or hobbies.	DO NOT PLACE REASONABLE RECREATIONAL ITEMS IN THE COLLECTION OR HOBBY CATEGORY UNLESS THE QUANTITY CLEARLY INDICATES A COLLECTION OR HOBBY. Examples: Set of golf clubs, two tennis racquets, etc., are not the quantity that comprise a collection or hobby. See Note 9 regarding items of substantial value, such as coin or stamp collection	See tariff exclusion for coins and stamps collections. See individual listings for other items.		
48	Comforters	5%		75%			10%		75%
49	Compasses	5%		50%			5%		50%
50	Cosmetics (includes perfume, toilet articles, medicines, soap, etc.)		50%			If claimant indicates "unused or unopened", no depreciation		50%	
51	Crockery (includes dishes, glassware, pottery, plasticware, etc.)	10%		75%		Does not include fine china, crystal, expensive cut glass. See items Nos. 44 and 52.	10%		75%

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NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	DEPRECIATION FOR CATEGORIES		
		PER YEAR	FLAT RATE			PER CENT	FLAT RATE	MAX PERCENT
52	Crystal			\$1000 per claim	Crystal items, such as vases and chandeliers will be considered under their respective specific category and will not be counted in the maximum allowable for crystal. Expensive cut glass will be considered under this category. See Items No. 41, 51, 58 and 73.			
53	Curtains	20%			See Item No. 59 for depreciation on curtain rods.	20%		75%
54	Decorations (Xmas, birthday, etc.)		25%					25%
55	Dental Equipment and instruments		10%	\$1500 per claim	This category does not include professional dental books. See Item No. 27.		10%	
56	Dentures				No depreciation. Payment only when replacement in kind cannot be effected.	5%		75%
57	Desk and writing equipment (pens & pencil sets, desk sets, fountain pens and other office items, etc.)	10%			If missing from place of duty, then maximum payment is \$30 per item (such as calculator or a radio). The rule, reasonable, useful or proper under the circumstances, must be considered.	10%		75%
58	Dishes	10%			See item No. 51.	10%		75%
59	Drapes (Drapery & curtain rods and related hardware)	10%				10%		75%
		5%			See Item No. 23.	5%		75%
60	Drawing, mapping & sketching equip.	5%		\$500 per claim		5%		50%
61	Dryers - hair	10%			Clothes dryers - see Item No. 62.	10%		75%

NO	ITEM	PER YEAR	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for			
			FLAT RATE	MAXIMUM			Year	Rate	Rate	Rate
62	Electrical & gas appliances MINOR (toasters, blenders, mixers, grills, small radios, portable phonographs, irons, blankets, hair dryers, heating pads, per-culators, sterilizers, heaters, razors & shavers, scissors, waffle irons, fans, pencil sharpeners, etc.)	10%		75%			MINOR 10/75%			
	MAJOR (stoves, air conditioners, sewing machines, vacuum cleaners, refrigerators, microwave ovens, freezers, etc.)	5%		75%	\$750 per item	For Hi-Fi & stereo systems and tape recorders, see Item No. 78 and 112. If the television set is part of a home entertainment center a maximum of \$1750 is permitted for the total entertainment center.	Attic Fans and 7/75% Dehumidifiers 7/75% Clothes Dryer 10/90% Dishwashers 10/75% Floor Polisher 5/75% Freezers 7/75% Irons, Mangles 10/75% Phonographs, Console Stereo & Hi-Fi 7/75% Refrigerators 7/80% Sewing Machine 7/80% Stoves, Ranges 7/80% TV Sets 10/75% TV Flat Tubes 25/75% Vacuums 7/75% Vibrator 10/75% Chairs 12/75% Washers 10/75% OTHER MAJOR 10/75%			
	TELEVISION SETS	10%		75%		Television picture tubes, 10% depreciation per year for first 3 years, 5% depreciation per year thereafter, maximum 75% depreciation. See Note No. 2 regarding Internal Damage.				
	WASHERS, CLOTHES DRYERS DISHWASHERS	10%		75%						
63	Elephants, ceramic	20%			\$75 per item Max. of four	See Item No. 40.			10%	
64	Eyeglasses (includes contact lens)	5%		75%		When replacement in kind from Government not available.			10%	75%

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NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for			
		PER YEAR	FLAT RATE			Year	Flat Rate	Max.	Max.
65	Figurines				See Item No. 98		10%		
66	Firearms	5%		\$350 per item \$1500 per claim		5%		50%	
67	Flashlights	20%				20%		75%	
68	Foodstuffs			\$100 per claim Reasonable	In shipment - Nonperishable only. At quarters or shipped to remote area. However, \$300 maximum per claim for loss at quarters resulting from a power outage.				
69	Furniture	5%		\$1000 per item \$1500 for sectional sofa	This category includes antique furniture. For furniture containing marble, see Item No. 90. Wall units will be considered under this category. See Item No. 117 for shrinks. If more than one wall unit section, maximum per entire unit is \$1500, considered as a sectional unit.	Furniture		7.75%	
	Infants, lawn and patio	10%			Infant furniture includes such items as cribs, youth beds, etc.	Infants		20.80%	
						Upholstered		10.75%	
						Lawn & Patio:			
						Aluminum		15.90%	
						Fabric		20.90%	
						Wood		11.75%	
						Steel		10.75%	
						Brought Iron		10.75%	
70	Furs			\$750 per item \$1500 per claim	For depreciation rate see Item No. 45			75%	
71	Game equipment (poker chips, chess and checker sets, etc.)		25%		For chess sets see Item No. 42 for special rule, if applicable.			25%	

NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for EXPORT EXCLUSION		
		PER. YEAR	FLAT RATE			PER. YEAR	FLAT RATE	MAX. PER.
72	Garden equipment (all implements for upkeep of lawns & yards including lawn mowers)	10%	75%		See Item No. 69 (lawn & patio furniture).	10%		75%
73	Glassware (includes pyrex)	10%	75%		See Item Nos. 44, 51, 52 and 58.	10%		75%
74	Hairpieces				See wigs, Item No. 147.	SEE WIGS		
75	Hampers (wicker or plastic)	10%	75%			20%		80%
76	Handbags & purses (leather or fabric)	20%	75%			20%		75%
77	Hearing aids	5%	75%		When replacement in kind from Government not available.	5%		75%
78	Hi-Fi stereo system including tape recorders	5%	75%	\$500 per item \$1500 per claim		7%		75%
79	Hobbies or collections				See Item No. 47.			
80	Irons (electric)	10%	75%		See Item No. 62.	10%		75%
81	Jewelry (costume \$100 or less per item)	10%	75%		\$250 per claim if lost in transportation; \$500 per claim under other circumstances.	10%		75%
	Expensive (over \$100 per item)				\$500 per item - \$1000 per claim (See Note No. 9, Items of Substantial Value). Fine jewelry, that which is made substantially of gold, silver, precious stones, diamonds, or other precious metals or gems, is not depreciated.	SEE TARIFF EXCLUSION		

NO	ITEM	PER YEAR	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for SAVED PROPERTY		
			PER YEAR	FLAT RATE			PER YEAR	FLAT RATE	MAX PAY
82	Kitchen utensils (pots, pans, knives, etc.) Heavy aluminum, copper, cast iron, stainless steel, corningware, etc. Other items	5% 20%		50% 75%		ALL LONG LASTING KITCHEN TOOLS SHOULD BE CONSIDERED in the 5%-50% category. Items such as potato peelers, ice picks, cake cooling racks, cookie sheets, bowl scrapers, or other items described in the advertisements as "kitchen gadgets" should be considered in the 20%-75% category.	5% 20%		50% 75%
83	Lamps (includes sunlamps)	5%		75%		For lamps with marble bases, etc., see Item No. 90	7%		75%
84	Lampshades	10%		75%		This applies only when shades are claimed separately. However, if shades are made of glass of any type apply 5% per year depreciation.	20%		75%
85	Lamp covers	10%		75%		See garden equipment, Item No. 72.	15%		75%
86	Linens (fine expensive)	5%		75%	\$750 per claim \$250 per item	Apply these maximums for handsewn items when value is established. Otherwise award reasonable replacement for other fine linens. Most other linens fall in this category.	5%		75%
	Ordinary household items such as sheets, pillowcases, towels, bath mats, spreads, tablecloths, etc.	20%		75%	\$750 per claim		20%		75%
87	Lighters (cigar, cigarette, etc.)	20%		75%			20%		75%
88	Lighting supplies, (globe domes, electric candlesticks or candelabra, etc.)	5%		75%		Payable only when the items belong to the claimant and have not lost their character as personal property by being affixed to real property.	5%		50%

NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for		
		PER YEAR	FLAT RATE			USE	FLAT RATE	MAXI- MUM
89	Luggage (all types including footlockers)	5%	75%				5%	75%
90	Marble (lamps, tabletops, etc.)			For maximums per item and per claim see specific categories.	The amount of depreciation on marble contained in furniture may be varied from other types of furniture, based on its quality, etc. Under appropriate circumstances, it may be determined that no depreciation be taken on the marble. See Item No. 83.		7%	75%
91	Material (includes yard goods and yarn)		10%					10%
92	Mattresses (includes box springs)	5%	75%		See Item No. 18.		5%	90%
93	Medical equipment and instruments		10%	\$1500 per claim	Does not include medical books, See Item No. 27.		10%	
94	Memorabilia (includes snapshots, snapshot albums, baby albums, scrapbooks, souvenir albums, emblems, award plaques, trophies, movie film, etc. & photographic slides (see Discussion))			\$500 per claim (except where volume indicates hobby)	EXCLUDE SCENIC SLIDES & WEDDING ALBUMS FROM MEMORABILIA. Use \$.25 per slide as rule of thumb cost of slide. Col-lection Rule (See Item No. 47) APPLIES IF quantity indicates a hobby. SEE SEPARATE CATEGORY for Wedding Albums Item No. 145.		MATERIALS ONLY SEE TARIFF EXCLUSION	
95	Mirrors (includes frames)	5%	75%		Mirrors which are integral parts of furniture items depreciate at same rate as those items.		5%	75%

NO	ITEM	DEPRECIATION			MAXIMUM PAYMENT	DISCUSSION	Depreciation for carried property		
		PER YEAR	FLAT RATE	MAXIMUM			Per Year	Flat Rate	Maxi sum
96	Mobile homes					See Item No. 6			
97	Musical instruments, such as pianos, organs and player pianos	5%		75%	\$2500 per item		5%		75%
	Other musical instruments	Varies		75%	\$1000 per claim		20%		75%
	Under \$50 - 20%						10%		75%
	\$50 to \$250 - 10%						5%		75%
	Over \$250 - 5%								
98	Objects of Art (sculpture, figurines, etc.)				\$350 per item \$1000 per claim	Does not include paintings (See Item No. 100). See Item No. 30 for Bric-a-Brac. Objects of Art are not depreciated.	COMMERCIAL VALUE		
99	Office items	10%		75%		See Item No. 57.	10%		75%
100	Paintings & pictures (including frames) paintings include hand reproduced pictures, etchings, photographic portraits, lithographic prints, etc.		10%		\$350 per item \$1250 per claim	No depreciation will be taken on paint- ings having a value in excess of \$350 each.	COMMERCIAL VALUE		
101	Pen and pencil sets	10%		75%		If precious metal, no depreciation. See Item No. 81.	10%		75%
102	Percolators (other than electric)	10%		75%		See Item No. 62.	20%		75%
103	Personal memorabilia				\$500 per claim	See Item No. 94.	MATERIAL ONLY SEE TARIFF		
104	Phonograph records		50%			See also recordings, Item No. 114 and Item No. 47.		50%	

NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for		
		PER YEAR	FLAT RATE			Year	Flat Rate	Max
105	Photographic equipment (cameras, projectors, lenses screens, etc.) Inexpensive - \$50 or less Expensive - More Than \$50	10% 5%	75% 75%	\$350 per item \$1500 per claim		10%		75%
106	Pillows	5%	75%		See Item No. 18	5%		75%
107	Pipes (smoking) includes pouches	20%	75%	\$25 per item		20%		75%
108	Pool tables	10%	75%	\$1000 per claim		7%		75%
109	Pots and pans	Varies	Varies		See Item No. 82.	5%		50%
110	Professional equipment	Varies		\$1500 per claim	See Item Nos. 55 and 93. If not dental or medical equipment or instruments, apply 5% - 75% depreciation.		10%	
111	Quilts	5%	75%	\$250 per item \$750 per claim	See Item Nos. 19 and 22.	5%		75%
112	Radios	Varies	75%		See Item Nos. 62 and 78.	VARIES	75%	
113	Razors (other than electric)	5%	75%		For electric, see Item No. 62.	20%		75%
114	Recordings (Tape) (Tapes in Automobile)		25% 25%	\$60	See Item No. 47.		50%	
115	Refrigerators	5%	75%	\$750 per item	See Item No. 62.	7%		80%
116	Rugs - under \$100 \$100 to \$999 \$1000 or over	10% 5% 2%	75%	\$3000 per claim		20% 7% 2%		90% 75% 50%

NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	DEPRECIATION FOR CARRIER EQUIPMENT	
		PER YEAR	FLAT RATE			Per Year	Flat Rate
117	Schrank (German cabinet or closet)	5%	75%	\$1500 per claim	For wall unit, see Item No. 69.	5%	75%
118	Scrubs Fireplace and accessories Room dividers, folding screens, etc.	5%	75%	\$350 per item \$750 per claim		5%	75%
119	Scissors, shears, etc. (other than electric)	5%	75%		For electric, see Item No. 62.	10%	75%
120	Sewing machines (other than electric)	5%	75%		For electric, see Item No. 62.	5%	75%
121	Silverware Silverplate and stainless steel flatware and holloware (includes pewter, copperware, bronze ware) Sterling silver	5%	75%	\$2000 per claim	Consider fine pewter in same category as sterling silver. Sterling silver serving pieces, \$200 maximum per item. Sterling silver flatware, \$30 maximum per item. No depreciation on replace- ment price of sterling silver.	5%	75%
122	Slipcovers	10%	75%			20%	80%
123	Sporting equipment and supplies (includes uniforms and riding togs as well as bowling balls, golf sets, badminton sets, croquet sets, tennis racquets, baseballs, footballs, golf balls, tennis balls, volleyballs, basketballs, etc.)	10%	75%	\$1500 per claim	If boxes of golf balls and canisters of tennis balls are unopened or unused, no depreciation.	10% (EQUIPMENT)	75%
124	Stationery		50%		If boxes unopened or unused, no depreciation.	50% (SUPPLIES)	
125	Stenotype machines	5%	75%			5%	75%
126	Stuffed animals	10%	50%				50%

NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for		
		PER YEAR	FLAT RATE			Per Year	Flat Rate	Maxi- mum
127	Television Sets	10%		\$750 per item	See Item No. 62.	10%		75%
128	Theses & lecture notes				Cost of materials only.			
129	Tools (all types-not left in vehicle for shipment)			\$1000 per claim	Includes losses in quarters, etc. Also allowable for payment are those types of tools generally locked in POV trunks which are reasonable, useful or proper for emergency road repair. Such tools are also considered proper for shipment in a POV. (Includes related emergency equipment, e.g., flares, tow rope, battery jumper cables, trouble lights, fire extinguisher, first aid kit, etc.) Exceptions may be made as to the amounts and types of tools in such overseas areas where POV tools are not readily available, or if claimant is not authorized a household goods shipment.			
		5%				5%		50%
		5%				5%		75%
	Tools shipped in vehicle	5%		\$100 per claim				
130	Toys (includes all children's playtoys & games. DOES NOT INCLUDE electric trains, bicycles, tricycles, wagons. See separate categories or other similar items).		50%	\$500 per claim	See Item Nos. 47, 62 and 71. For example, dolls may be considered as a collection or hobby.			50%
131	Trailers (house, boat, etc.)				See Item No. 6.			

NO	ITEM	DEPRECIATION		MAXIMUM PAYMENT	DISCUSSION	Depreciation for		
		PER YEAR	FLAT RATE			Year	Rate	Rate
132	Trains (electric)	10%	75%		See Item No. 47.		10%	75%
133	Tricycles	20%	75%				20%	75%
134	TV Trays	10%	75%				10%	75%
135	Typewriters	5%	75%				5%	75%
136	Umbrellas	20%	75%				20%	75%
137	Vacuum Cleaners	5%	75%	\$750 per item	See Item No. 62.		7%	75%
138	Vases	5%	75%		If china, crystal or sterling silver, see those categories. If other expensive material, use rules for china, etc., categories		5%	75%
139	Wagons (children's)	20%	75%				20%	75%
140	Wall Units				See Item No. 69.		7%	75%
141	Washers	10%	75%	\$750 per item	See Item No. 62.		12%	75%
142	Wastebaskets	10%	75%				10%	75%
	Metal	20%	75%				20%	75%
	Plastic							
143	Matches	10%	75%	\$150 per item	See Note No. 9.		10%	75%
	\$50 or less	5%	75%				5%	75%
	\$50 or more							
144	Waterbeds	20%	75%	\$400 per item (including frame)			20%	75%

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NO	ITEM	PERCENT PER YEAR	DEPRECIATION FLAT RATE	MAXIMUM PAYMENT	DISCUSSION	Depreciation for current property		
						Per Year	Flat Rate	Ratio
145	Wedding albums			\$250 per claim				75%
146	Wedding gowns	10%		\$250 per claim		90%	10%	75%
147	Wigs (includes hairpieces)							
	Under \$100	20%		\$500 per claim		20%		75%
	\$100-\$250	10%	75%			10%		75%
	\$250-over	5%				5%		75%

NOTE NO 1. ANTIQUES:

Since there is usually a wide variance of opinion as to the value of antiques, clear and convincing evidence of the same must be presented to justify payment. In order to qualify, prima facie, as an antique, an item must be, according to the U.S. Customs Service, at least 100 years old. For items newer than that, independent evidence will have to be presented or be available to prove that the item so qualifies. In respect to those items which qualify as antiques, the claimant may be compensated up to the generally recognized value of the items. In such instances, the claimant will be required to prove that the item possesses a demonstrably inherent value regardless of its purchase price, the place where it was purchased, the prestige of the label it bears, or its sentimental or personal attraction. The mere fact that an isolated appraiser might be found who could assign a value to it in excess of its purchase price does not meet this burden of proof. In the absence of credible evidence of value, reimbursement should be limited to out-of-pocket loss, or the reasonable replacement price of a substantially similar substitute item.

NOTE NO 2. INTERNAL DAMAGE TO APPLIANCES WHEN NO EXTERNAL DAMAGE TO CABINET OR TRANSPORTATION CONTAINER IS EVIDENT:

In these circumstances, consideration should be given to paying for such damage if there is evidence of rough handling of other items in the shipment; that the item is relatively new in comparison to its useful life; that the claimant is apparently honest based upon an examination of the entire claim; or the opinions of qualified repairmen as to whether or not the damage was as a result of transit handling. With respect to color TV sets, for which color realignment may be claimed, consider the charge for color realignment payable only when it is part of the cost to repair internal damage to the television set or when the cabinet of the set has external damage that was not present at the time of pickup, thereby indicating rough handling.

NOTE NO 3. REUPHOLSTERING:

In the event partial damage to a matching set required reupholstering of the entire set because matching material to reupholster the damaged portion is not available, the cost to reupholster the entire set, less depreciation, may be paid. This includes replacing chair seats. HOWEVER, there must be a measurable decrease in the value of the complete set due to the inability to match the materials before this rule is employed. Consideration should be given to diminution in value of the damaged items if the damage is merely minor. An example of this is a three-inch tear in the back of a sofa which can be repaired by reweaving, but not to the extent that the repair isn't visible under scrutiny. This rule is not applicable to recovering mattresses, box springs, etc., which do not lose their intended use merely because the coverings do not match. In considering the award to be made for the cost of reupholstering, use the per year rate of depreciation indicated for the furniture, i.e., ordinary or fine, for the fabric.

NOTE NO. 4. LEGEND OF ABBREVIATIONS:

In order to maintain uniformity, the following list of abbreviations should be indicated in the "Remarks" section of the claim form to describe the intention of the Examiner.

AC	- Amount claimed
ACC	- Agreed cost of repairs in lieu of estimate
EX-PX or PACX-EES	- Replacement price through local exchange retail store (rate of depreciation, if applicable, to be included).
CR	- Amount paid by carrier prior to settlement of this claim entered on this line and deducted from total amount allowed.
D	- Depreciation computed, preceded by appropriate percentage, i.e., 20% D.
DV	- Depreciated value awarded - cost of repairs exceeds depreciated value of item.
ER	- Estimate of Repair (add exhibit number of repair estimate).
EX	- Exhibit (include appropriate exhibit designation, e.g., Ex G).
FR	- Flat rate depreciation, preceded by appropriate percentage, i.e., 25% FR.
F&R	- Fair and reasonable award.
LOV	- Loss of value.
M/A	- Maximum allowable.
N/P	- Not payable (appropriate rule for basing denial should be included, e.g., para. 6-j, AR 27-20).
N/R	- Non-repairable
PCR	- Potential carrier recovery (failure of claimant to notify authorities).
PED	- Preexisting damage (percentage to be included, e.g., 30% PED).

PP	- Purchase price	°
RC	- Reasonable replacement cost applied (rate of depreciation, if applicable, to be included in block).	
SV/N	- Salvage value - beyond economical/reasonable repair; no salvage value, turn in not required.	
SV/T	- Salvage value with turn-in required (amount of salvage value to be entered).	

NOTE NO. 5 DEPRECIATION WHILE IN STORAGE:

Normally no depreciation is to be charged against goods during periods of Government authorized storage either for the PCS which generated the current claim, or for previous periods of Government authorized storage. However, this does not mean that deductions cannot be made for other reasons such as reduction in the market value of an item because of style or obsolescence.

NOTE NO. 6 DEPRECIATION:

To compute yearly depreciation, the following yardstick should be used:

6 - 17 months - 1 year
 18 - 29 months - 2 years, etc.

(Increments of 11 months will be counted as one year, up to 173 months. In determining whether an item is six months old, do not count purchase month and pick up month). For items 174 months or over in age, depreciation is 75% (maximum). When dates of purchase are listed, for example as "between 1966 and 1970", use the median date, i.e., 1968 to compute depreciation. No depreciation should be taken on parts, accessories, etc., which are not normally expected to be replaced during the lifetime of the item.

NOTE NO. 7 REPAIRABLE ITEMS:

The amount allowable for repairs may not exceed the depreciated replacement of an item.

NOTE NO. 8 EXPENSIVE ITEMS - REASONABLE SUBSTITUTE PRICES:

This does not relate to items of extraordinary value. It pertains to items of everyday use, household furnishings, wearing apparel, and the like, which serve a utilitarian purpose, even though the items are expensive. A fixed award cannot be set, as the amount allowed will vary with the type of article. The award should be just and not arrived at by considering only low-prices or popular priced substitutes.

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NOTE NO. 9 ITEMS OF SUBSTANTIAL VALUE:

Easily pilferable small items usually worn or carried costing over \$100 are considered small items of substantial value. Nonexclusive examples of items fitting this category are watches, jewelry (pins, rings, earrings, bracelets, lockets, pendants, necklaces, tie clips, cuff links, belt buckles, identification bracelets and artistic charms) ornate cigarette cases and compacts, and small coin and stamp collections.

NOTE NO. 10 ITEMS OF EXTRAORDINARY VALUE:

An item of extraordinary value may be defined as one which, because of exceptional qualities of workmanship or design, the high value of the materials it contains, or its association with a past event or period, or historical figure, possesses a value far beyond the usual value of an item of like nature. The term "item of extraordinary value" normally should be limited to items which primarily serve an artistic or decorative purpose, or which are collector's items.

NOTE NO. 11 CRAFTSMAN (SEARS) AND OTHER LIFETIME GUARANTEED TOOLS AND OTHER PERSONAL PROPERTY WITH SUCH GUARANTEES:

Do not deduct for depreciation on tools and other property which are covered by such guarantees. Catalogs reflect items covered by such guarantees.

NOTE NO. 12 CLOTHING:

Birth through and including age 6 - \$350 each person per claim; ages 7 through and including age 14 - \$750 each person per claim; age 15 through and including age 17 - \$1500 each person per claim; age 18 and over \$2500 per person per claim. Maximum depreciation on clothing for all ages is 75%. Military field type clothing (personally owned) - 10% per year depreciation, maximum depreciation is 25%. Military clothing and uniform insignia (including dress uniforms) which are personally owned, other than military field type clothing - no depreciation.

NOTE NO. 13 CLAIMS FOR WRINKLED CLOTHING:

Payment for the cost of pressing clothing, is not allowable unless the wrinkling was so severe as to amount to the actual damage of personal property. Some wrinkling of clothing (much of which will fall out when the item is hung up) is to be expected in a shipment of household goods and is not considered to be damaged personal property within the meaning of the Act.

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their intended use merely because the coverings do not match. In considering the award to be made for the cost of reupholstering, use the per year rate of depreciation indicated for the furniture, i.e., ordinary or fine, for the fabric. Labor charges, if itemized separately, will not be included in depreciation computation. If labor charges are unitemized, 50% of the total amount of the repair estimate will be considered to be labor charges.

4. LEGEND OF ABBREVIATIONS. In order to maintain uniformity, the following list of abbreviations should be indicated in the "Remarks" section of the claim form to describe the intention of the Examiner:

AC	Amount claimed.
AGC	Agreed cost of repairs in lieu of estimate.
BX-PX or PACX-EES	Replacement price through local exchange retail store (rate of depreciation, if applicable, to be included).
CR	Amount paid by carrier prior to settlement of this claim entered on this line and deducted from total amount allowed.
D	Depreciation computed, preceded by appropriate percentage, i.e., 20% D.
DV	Depreciated value awarded—cost of repairs exceeds depreciated value of item.
Ex	Estimate of Repair (add exhibit number of repair estimate).
FR	Exhibit (include appropriate exhibit designation, e.g., Ex G).
F&R	Flat rate depreciation, preceded by appropriate percentage, i.e., 25% FR.
M/A	Fair and reasonable award.
N/P	Maximum allowable.
PED	Not payable (appropriate rule for basing denial should be included, e.g., Rule 3, Table 6-2, AFM 112-1).
PP	Preexisting damage (percentage to be indicated, e.g., 30% PEI).
RC	Purchase Price.
SVN	Reasonable replacement cost applied (rate of depreciation, if applicable, to be included in block).
SVT	Salvage value—beyond economical/reasonable repair; no salvage value; turn-in not required.
	Salvage value with turn-in required (amount of salvage value to be entered).

5. DEPRECIATION WHILE IN STORAGE. No depreciation will be taken for substantiated periods of storage of property regardless of the type of property.

6. DEPRECIATION. To compute yearly depreciation, the following yardstick should be used:

6-17 months—1 year
18-29 months—2 years, etc.
(increments of 11 months will be counted as 1 year, up to 173 months. For items 174 months or over in age, depreciation is 75% (maximum)). If dates of purchase are listed, for example, as "between 1966 and 1970", use the median date, i.e., 1968 to compute depreciation.

7. REPAIRABLE ITEMS. The amount allowable for repairs may not exceed the depreciated replacement value of an item.

8. EXPENSE ITEMS—REASONABLE SUBSTITUTE PRICES. This does not relate to items of extraordinary value. It pertains to items of everyday use, household furnishings, wearing apparel, and the like, which serve a utilitarian purpose, even though the items are expensive. A fixed award cannot be set as the amount allowed will vary with the type of article. The award should be just and not arrived at by considering only low-priced or popular-priced substitutes. Rule 6c, as well as AFM 112-1, table 6-3, Rule 3c, should be employed when arriving at a suitable award. This is especially important in the area of fine furniture as opposed to ordinary furniture.

9. ITEMS OF SUBSTANTIAL VALUE. Easily pilferable items usually worn or carried costing over \$100 are considered of substantial value. Nonexclusive examples of items fitting this category are Watches, Jewelry (Pins, Rings, Earrings, Bracelets, Locketts, Pendants, Necklaces, Tie Clips, Cuff Links, Belt Buckles, Identification Bracelets and Artistic Charms) Ornate Cigarette Cases and Compacts, and Small Coin and Stamp collections.

10. ITEMS OF EXTRAORDINARY VALUE. An item of extraordinary value may be defined as one which, because of exceptional qualities of workmanship or design, the high value of the materials it contains, or its association with a past even or period, or historical figure, possesses a value far beyond the usual value of an item of like nature. The term "item of extraordinary value" normally should be limited to items which primarily serve an artistic or decorative purpose, or which are collectors' items.

11. CRAFTSMAN (SEARS) AND OTHER LIFETIME GUARANTEED TOOLS. Do not deduct for depreciation on tools which are covered by such guarantees. Catalogs reflect items covered by such guarantees.

*12. CLOTHING. The following maximums are mandatory:

Female service member or female adult dependent—\$2,000
Male service member or male adult dependent—\$1,500
Schoolage child—\$500
Preschool child—\$250
Furs are not included in the clothing maximums

6-7. Evidence To Be Included in Claim. In addition to evidence required by chapter 4, the evidence shown in table 6-5 must be included in the claim file, except when the claim is being processed in accordance with the small claims procedure, see paragraph 6-12.

6-8. Actions To Be Taken When There is Tariff Liability or Private Insurance:

a. By Claimant:

(1) Report to the base claims office for assistance in preparing a written demand on the warehouseman, carrier, or insurer.

(2) Present claim against the Government simultaneously with demand against the contractor or insurer.

(3) Report any offer from the contractor or insurer to the base claims office.

b. By Staff Judge Advocate:

(1) Assist the claimant by preparing a written demand on the contractor or insurer for claimant's signature.

(2) With the making of a demand against a warehouseman or carrier, process the claim against the Government without delay. Insure that claim is not held in abeyance pending response from debtor unless there is good cause and unreasonable hardship will not result to claimant. Deduct recovery from award when carrier has paid claimant, or carrier has indicated that check will be mailed to him, or claimant without justifiable reason has failed to take exception and report carrier damage within a reasonable time and there is a lack of any evidence to rebut the presumption created thereby (paragraph 6-9).

(3) After a demand is made against the claimant's insurer, hold the claim against the Government in abeyance pending insurer's response. If insurer denies liability, or if further negotiation will cause hardship or undue delay, process and forward the claim to approving authority for settlement.

(a) If the claimant's insurer makes an offer that the claims officer considers reasonable, claimant should be advised to accept it. If such advice is accepted, no part of the balance of the claim may be disapproved on the ground that additional compensation might have been received from the insurer.

(b) If the insurance company's offer appears inadequate, claimant should be advised not to accept it. Claim should then be processed to a conclusion against the Government and the insurance claim pursued under the assignment of rights to the Government. If claimant accepts offer against such advice, a deduction of the amount that would have been recoverable should be made from the award.

6-9. Applying Recoveries. The approving authority will:

a. If he determines that claimant's acts or omissions without just cause barred recovery from a carrier, packer, or warehouseman, as appropriate, deduct from the claim the amount that could have been recovered. Any deduction of this nature must be fully justified (and documented in the claim file). (See Annotation.)

b. Except as shown in (1) and (2) below, deduct from the amount otherwise allowable on the claim any money recovered from an insurer. If amount recovered or recoverable from a carrier, contractor, warehouseman, or insurer is equal to or greater than the amount "otherwise payable by the Air Force," do not make an award under this chapter. Determine the amount otherwise payable by applying the depreciation factors, limitations, and exclusions specified in this chapter.

(1) Unitemized amounts recovered from the insurer will be applied first to items for which compensation is not allowable under this chapter, and the remaining amount will be deducted from amounts allowable by the Government. For example, suppose a claim for \$2,000 is presented for loss of household goods incident to service and \$1,500 is determined to be the amount allowable by the Air Force. Among the items lost are some on which the Air Force pays only a limited amount. Then the maximum amount allowable by the Air Force is entered on the claim form, and the amount not paid by the Air Force is considered to be covered by the insurance payment.

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TABLE 6-5
EVIDENCE TO BE INCLUDED IN CLAIM FILE

R U L E	A	B
	if claim concerns	then include in claim file
1	property located at quarters	street address of quarters; statement of whether quarters were assigned by Government or otherwise provided in kind; for civilian claimants—indication of whether local inhabitant, and whether a direct-hire civilian employee of the US Air Force when claim accrued; list of measures taken by claimant to protect his property.
2	property located at authorized places other than quarters	geographic location of property; name of authority who designated location and terms and conditions of designation; measures taken by claimant to protect his property.
3	transportation losses	copies of: order authorizing travel, transportation or shipment; demand made on carrier or insurer, or both, and their replies, if any; any damage inspection report made; bill of lading and annotated inventory of property shipped and delivered, if transportation was accomplished by common or contract carrier or Government agent or agency; an indication of: action taken by claimant and claims officer to locate property (include copies of related correspondence), if claim is for missing baggage or household effects; whether at time shipment was received from last common carrier or local civilian carrier, a "clear" receipt was given, or the delivery inventory or other document acknowledging receipt of the shipment was annotated to indicate any loss, damage, or discrepancy; the written itemized declaration of articles of substantial or extraordinary value (see table 6-2, rule 1).
4	damage resulting from marine or aircraft incident	a copy of orders or other available evidence to establish claimant's right, and that of his property, to be aboard.
5	damage arising from enemy action or public service	a copy of orders or other available evidence to establish claimant's right to have property in the area involved.
6	money delivered to another	name, grade, SSAN (if any), and address of person who received the money and any other person involved; and name and designation of the authority who authorized such persons to accept personal funds, and the disposition requested for funds; receipts or statements that explain failure to account for funds.

File No. _____

Recapitulation

AFM 112-1, ch. 6, claim of _____	
Amount claimed_____	\$35,916.88
Actual value of claimant's loss as determined by SJA_____	26,244.34
Amounts reduced or precluded by tables 6-2 and 6-3_____	5,268.36
Amount otherwise allowable under AFM 112-1_____	20,975.98
Paragraphs 6-8, 6-9b(1) Reduction: Carrier recovery_____	0
Insurance recovery_____	20,000.00
Less credit for amounts reduced or precluded_____	5,268.36
Net insurer recovery reduction_____	14,731.64
Total reduction (insurer and carrier recovery)_____	14,731.64
Amount awarded under AFM 112-1_____	6,244.34
Actual amount paid under AFM 112-1_____	6,244.34
Summary of claimant's total recovery:	
Recovery from carrier, contractor or warehouseman_____	0
Recovery from private insurer_____	20,000.00
Amount paid by Government under 31 U.S.C. 240-243 and AFM 112-1 _____	6,244.34
Claimant's total recovery_____	26,244.34

FIGURE 6-1.—Example of Recapitulation of an Award

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FILE NUMBER
 AMOUNTS REDUCED OR PRECLUDED BY TABLES 6-2, 6-3, and 6-4
 AFM 112-1, CHAPTER 6, CLAIM OF

Item No.	Category of Item	Amount Claimed	Actual Value per SJA	Amount Allowed per SJA	Reasons or Basis	Amt dis-approved or reduced (frm actual value)
319	Rolex Watch	\$ 235.00	\$ 176.25	\$ 150.00	Maximum	\$ 26.35
413 439 442 448	Personal					
670- 672	Memorabilia	370.00	370.00	250.00	Maximum	120.00
228- 230 445 thru 622	Hobbies & Collections (Train Collection; Insignia collection)	7,447.88	5,131.23	1,500.00	Maximum	3,631.23
238- 240-44 247 248 287 378 390 693	Fine China	1,515.20	1,515.20	1,000.00	Maximum	515.20
250- 279 694	Fine Crystal	1,250.68	1,250.68	1,000.00	Maximum	250.68
288	Turkish Rug	1,800.00	1,620.00	1,000.00	Maximum	620.00
404	Antique Sewing Box	150.00	150.00*	45.00	F & R Replacement	105.00
		12,768.76	10,213.36	4,945.00		5,268.36

*The antique value of the sewing box was not substantiated. A fair and reasonable replacement price was awarded for a utilitarian item and the remainder was credited to the insurance recovery.

Figure 6-1. Continued.

(2) When, in a claim, sums have been reduced or disallowed (on the basis of limitation for reasonable quantities, reasonable price maximums (except when approving authority establishes that amount awarded represents reasonable value of items claimed), small items of substantial value, etc.) and the claimant has received from his insurer an itemization of amounts paid, he may retain amounts on individual items that are in excess of an award that would have been made under this chapter.

c. If the Air Force would pay more for an itemized item than the insurer allowed, allow the claimant the amount above the insurer's payment.

d. If the carrier has paid the claimant its liability for an item or items denied by the Air Force and the weight involved is substantial, an adjustment of the carrier recovery will be made to give the claimant the benefit of the recovery on the disallowed item or items.

6-10. Transfer and Assignment of Rights:

a. When he executes DD Form 1842, the claimant assigns to the United States, to the extent of any payment he accepts, all his rights, title, and interest in any claim against any carrier, contractor, warehouseman, insurer, or other party arising from the incident on which his claim against the United States is based. When requested, he must also furnish any evidence the U.S. Government may require to enforce the claim.

b. The claimant must remit to the United States any award he receives from any such party up to the amount of the award he accepted from the United States. When the claims officer receives the remittance, he transmits it by DD Form 1131, "Cash Collection Voucher," to the Air Force accounting and finance office. (See paragraph 6-14 for property recovered by claimant.)

6-11. Replacement in Kind:

a. When a claim is cognizable and payable under this chapter, the commander of the organization to which the claimant is assigned or attached may direct that lost or damaged personal property be replaced in kind from available Air Force stocks.

NOTE.—Disapproved claims cognizable under AFM 67-1 may not be reopened for consideration under this paragraph.

b. Claims that are to be settled under this paragraph will be processed in the same manner as other claims under this chapter but will not be forwarded to higher authority for approval, regardless of the amount of claim. The commander's direction (or his representative's) that replacement in-kind be issued, and the compliance with that direction, is for all purposes a final and conclusive settlement of the claim.

c. When all items of a claim are replaced in kind, the organization that makes the replacement will retain in its property records a copy of the report, the claim, and related papers.

d. If only part of the items claimed are replaced in kind, the claim will be processed under paragraph 6-6. The claim file must include evidence of the value of the replacement in kind, the issue slip, receipt, and other evidence of the items replaced.

6-12. Claims Procedure:

a. Claims payable for \$500.00 or less:

(1) The investigation will be made in a manner, which will develop most expeditiously, the facts necessary to determine whether the claim is meritorious and in what amount. Any evidence that is required may be obtained by telephone, from incident reports, or other forms of hearsay. Wide latitude is hereby given to the claims officer to determine when the United States is liable for the loss or damage, that the claimant is a proper claimant, and that the amount he recommends to the approving authority is either agreed to by him, or the claims investigator, with the claimant (repairs under \$100.00 per item) or is reasonably substantiated. The approving authority's signature in Part II, DD Form 1842, will signify that he is convinced that the claim is properly settled and that all statutory requirements have been met.

(2) In those claims where there is a related claim in favor of the United States, there will still be a need for documentation. However, documentation of the Government claim should not delay payment of the claim against the Government. Such documentation may be accomplished at a later date, subsequent to payment of the claimant. In fact, if a claim is processed under this procedure, the claimant should be advised that even after he is paid, he will be required to provide any additional evidence that is needed to assist the Government in pursuing its claim.

b. All other claims under this chapter: Investigation by Claims Officer. Follow the procedure prescribed in chapter 4. However, when the cost of repair or damage does not exceed \$100.00 an item and the claims investigator has actually inspected the damaged property, either the claims inspector or the claims officer and the claimant may agree on a reasonable amount to be claimed for repairs on an individual item in lieu of an independent estimate or appraisal by a qualified repairman. In such cases, the claims officer will certify that the property has been examined and that, in his opinion, the amount agreed upon is a reasonable allowance for the costs of repairs.

c. Report of Claims Officer. The claims officer will submit his report and recommendations on DD Form 1842 irrespective of the amount claimed or approved. He should set out in a separate statement appended to the report any information he has obtained, that is not already in the claim file, which might help the approving authority reach a decision on the claim.

d. Action by the Staff Judge Advocate:

(1) Determine whether facts and evidence are clearly stated, the claims officer's findings complete, and his recommendations in conformance with this chapter and supported by adequate evidence. When necessary, return the report to the claims officer for further investigation or correction of deficiencies.

(2) Approve claims officer's report without qualification or with stated exceptions, or disapprove it.

(3) Forward the original and all copies of the claim form to the approving authority (paragraphs 2-4a and 6-12b).

*6-13. Settlement Authority:

a. Personnel claims for more than \$15,000 may be presented but cannot be administratively paid in excess of \$15,000.

b. The Secretary of the Air Force or his designees may settle personnel claims against the United States payable for \$15,000 or less. The Secretary delegates authority to settle such claims to the following persons:

(1) Claims Payable for \$15,000 or Less. Within HQ USAF:

(a) The Judge Advocate General.

(b) The Assistant Judge Advocate General.

(c) Director of Civil Law.

(d) Chief, Claims and Tort Litigation Staff.

(e) Deputy Chief, Claims and Tort Litigation Staff.

(f) Branch Chiefs, Claims and Tort Litigation Staff.

(2) Claims Payable for \$10,000 or Less: Staff Judge Advocates of PACAF and USAFE, or his designee.

(3) Claims Payable for \$7,500 or Less: Staff Judge Advocates of single base GCMs and GCMs in PACAF and USAFE and their designees.

(4) Claims Payable for \$5,000 or Less: Staff Judge Advocates of each Air Force Base, station, and fixed installation, or his designee.

(5) Disapproval Authority. See paragraph 4-49a(1).

c. The Judge Advocate General may withdraw, reduce and restore the maximum amounts that any designee is authorized to settle and pay. The designees in b(2) and b(3) above may also withdraw, reduce and restore the settlement authority of any designee within his jurisdictional area, but he must notify HQ USAF/JACC, Wash DC 20324 of all withdrawals and restorations.

*6-14. Property Recovered by Claimant. When the claimant executes DD Form 1842, he is advised and agrees that if any of the property for which the claim is made is later recovered he will notify AF/JACC immediately. If he recovers property after his claim has been paid, the claimant may:

a. Accept all of the property and return the payment awarded to him by the Air Force.

b. In the presence of the claims officer, examine the property and state his intention to keep certain items for which he has been paid. The claims officer will then obtain from the approving authority, or the office where the closed claims is filed, the amount paid on each item the claimant has elected to retain. The claimant then forwards, through the claims officer, to the approving authority a check or money order for the total amount, payable to the Treasurer of the United States.

c. Disclaim any interest in the property and request that it be turned over to the Defense Property Disposal Office. (10 U.S.C. 2575(a))

6-15. Items Turned In for Salvage. If an item on which an award is based is determined to have salvage value:

a. The Approving Authority:

(1) Notifies the claimant in writing that the item must be delivered to the Defense Property Disposal Office as a condition to payment of his claim, but does not hold up payment awaiting turn-in. (See Annotation.) EXCEPTION: If claims officer had determined that the cost to turn the property in to Government salvage would exceed its monetary value, he may ask the claimant to discard it. (See Annotation.)

(2) Advises the investigating claims officer of his determination and sends him reproduced pages of DD Form 1845 with the items to be turned in to salvage circled in red. If only one item is to be turned in, describe it in the transmitting letter; a copy of DD Form 1845 is not necessary.

b. The claims officer, upon receipt of approving authority's notice:

(1) Completes DD Form 1348-1 or other form as prescribed by the local property disposal office and makes sure that copies accompany the property to the local property disposal office.

(2) Determines whether Government transportation is necessary to carry the item(s) to the local Defense Property Disposal Office activity; if so, DD Form 1348-1 is authority for transportation.

(3) Determines necessary action if the description of property on DD Form 1845 does not agree with the item to be turned in.

c. The Defense Property Disposal Office uses DD Form 1348-1 to receipt for property turned in for salvage, returns two copies to the delivering agent, and turns one copy over to the claims office for inclusion in the claim file.

CHANGE 1, AFM 112-1, 10 FEBRUARY 1975

1. PAGE CHANGES

Remove	Date	Insert
15-13 thru 15-16.....	1 Dec. 1972	15-13 thru 15-16.1.

2. PEN-AND-INK CHANGES

Page	Paragraph	Action
1-1.....	1-1a(15).....	Change \$1,000 to \$1,500.
4-27.....	4-37a.....	Change \$1,000 to \$1,500 and add 15, after 14.
	4-37b.....	Change \$1,000 to \$1,500.
4-32.....	4-48a(2)(b).....	Change \$5,000 to \$7,500.
6-26.....	6-13b(2).....	Change \$5,000 to \$7,500.
	6-13b(3).....	Change \$2,500 to \$4,000.
	6-13b(4).....	Change \$1,000 to \$1,500.
7-4.....	7-10a.....	Change \$1,000 to \$1,500.
7-7.....	7-10h(b).....	Change \$1,000 to \$1,500.
8-3.....	8-3e.....	Change \$5,000 to \$7,500.
8-7.....	8-4a.....	Change \$1,000 to \$1,500.
	8-4b(1).....	Change \$5,000 to \$7,500.
	8-4b(2).....	Change \$5,000 to \$7,500.
12-9.....	12-12a(3).....	Change \$10,000 to \$15,000.
	12-12a(4).....	Change \$5,000 to \$7,500.
	12-12a(5).....	Change \$1,000 to \$1,500.
13-2.....	13-5a.....	Change \$1,000 to \$1,500.
	13-5b.....	Change \$1,000 to \$1,500.
	13-6a(2).....	Change \$10,000 to \$15,000.
	13-6a(3).....	Change \$5,000 to \$7,500.

3. Paragraph Changes:

4-50. . . . exercising claims jurisdiction or his deputy when designated by name by the MAJCOM staff judge advocate or a foreign . . .

5-9b. . . . responsible for claims or his deputy when designated by name by the MAJCOM staff judge advocate will. . . .

6-13b(2). . . . of Major Commands or his deputy when designated by name by the MAJCOM staff judge advocate. . . .

7-106(1). . . . Staff Judge Advocates or their deputy when designated by name by the MAJCOM staff judge advocate, of: . . .

7-10h(a)(2). . . . Staff Judge Advocates or their deputy when designated by name by the MAJCOM staff judge advocate. . . .

7-10h(b). . . . Staff Judge Advocates or their deputy when designated by name by the MAJCOM staff judge advocate. . . .

10-5b(1)(b). . . . staff judge advocates, or their deputy when designated by name by the MAJCOM staff judge advocate, of: . . .

12-12a(3)(a). . . . of major commands or their deputy when designated by name by the MAJCOM staff judge advocate. . . .

12-12a(4). . . . court-martial authority or their deputy when designated by name by the MAJCOM staff judge advocate. . . .

13-6a(2). . . . The Staff Judge Advocate or his deputy when designated by name by the MAJCOM staff judge advocate and the Director. . . .

13-6a(3). . . . Court-martial Convening Authority or his deputy when designated by name by the MAJCOM staff judge advocate. . . .

14-5a(5). California Air National Guard Claims Arising from Vehicle Accidents. The State of California has agreed to have its insurer reimburse the Air Force one-half of all amounts paid under 32 U.S.C. 715 in settlement of California ANG automobile accident claims arising after 1 September 1974. Sacramento ALC/JA will act as liaison with the California State Insurance Officer. Direct correspondence with the California State Insurance Officer by other than Sacramento ALC/JA or HQ USAF/JACC is not authorized. Notify Sacramento ALC/JA as soon as claim is received and furnish that office with a copy of all material in claim file as it is received or transmitted. If investigation shows that the California ANG driver was operating a state-owned vehicle or was on a state mission, forward the claim file to Sacramento ALC/JA, McClellan AFB CA 95652. That office will refer the claim to the California State Insurance Officer for payment in full by the state insurer, and will also notify the claimant of the referral. If the accident involved a federally-owned vehicle loaned to the California ANG and occurred during inactive duty for training under 32 U.S.C. 502 or 503, process the claim in accordance with the provisions of AFM 112-1, chapter 14. Claims that are approved in the amount of \$2500 or less will be paid in full by the approving authority. Thereupon, two copies of the SF 95, settlement agreement and payment voucher will be furnished Sacramento ALC. That office will obtain reimbursement of one-half of the settlement from the California state insurer and return same to the office which paid the claim for deposit to their funds. Claims approved for payments in excess of \$2500 will be settled by HQ USAF/JACC after consultation with the insurer of the State of California.

By order of the Secretary of the Air Force.

Official.

DAVID C. JONES,
General, USAF, Chief of Staff.

JACK R. BENSON,
Colonel, USAF, Director of Administration.

CHANGE 2, AFM 112-1, 28 FEBRUARY 1975

1. PEN-AND INK CHANGES

Page	Paragraph	Action
6-1	6-2a	Change \$10,000 to \$15,000.
6-26	6-13a	Change \$10,000 to \$15,000.
	6-13b	Change \$10,000 to \$15,000.
	6-13b(1)	Change \$10,000 to \$15,000.
7-1	7-1	Change \$15,000 to \$25,000.
7-4	7-10b	Change \$ 2,500 to \$ 5,000.
	7-10c	Change \$ 2,500 to \$ 5,000.
	7-10d	Change \$15,000 to \$25,000.
	7-10e	Change \$15,000 to \$25,000.
	7-10e(1)	Change \$15,000 to \$25,000.
	7-10e(2)	Change \$15,000 to \$25,000.
	7-10e(3)	Change \$15,000 to \$25,000.
7-6	7-10e(4)	Change \$15,000 to \$25,000.
	7-10h	Change \$15,000 to \$25,000.
7-7	7-10h(a)	Change \$ 2,500 to \$ 5,000.
8-1	8-1	Change \$15,000 to \$25,000.
8-3	8-3e	Change \$15,000 to \$25,000.
8-7	8-4b	Change \$15,000 to \$25,000.
	8-4b(1)	Change \$15,000 to \$25,000.
	8-4b(2)	Change \$15,000 to \$25,000.
	8-4c	Change \$15,000 to \$25,000.
	8-4c(1)	Change \$15,000 to \$25,000.
	8-4c(3)(a)	Change \$15,000 to \$25,000.
	8-4c(3)(b)	Change \$15,000 to \$25,000.
	8-4c(4)	Change \$15,000 to \$25,000.
	8-4d	Change \$15,000 to \$25,000.
		Change \$ 1,000 to \$ 1,500.
14-1	14-1b	Change \$15,000 to \$25,000.

2. Table changes: Page 6-2; table 6-1.

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Add note 4. P.L. 93-455, 88 Stat. 1381, provides that the amendments increasing the authority under 31 U.S.C. 240-243 from \$10,000 to \$15,000 apply only to claims based upon losses of personal property which occur after 18 October 1974.

By order of the Secretary of the Air Force.
Official.

DAVID C. JONES,
General, USAF, Chief of Staff.
JACK R. BENSON,
Colonel, USAF, Directorate of Administration.

CHANGE 3, AFM 112-1, 19 SEPTEMBER 1975

1. PAGE CHANGES

Remove	Date	Insert
2-1 thru 2-7	1 Dec 72	2-1 thru 2-8.
3-1 thru 3-23	do.	3-1 thru 3-23.
5-1 thru 5-4	do.	5-1 thru 5-3.
6-5, 6-6	do.	6-5 thru 6-6.1.
6-9 thru 6-20	do.	6-9 thru 6-20.1.
6-37, 6-38	do.	6-37, 6-38.
8-7 thru 8-9	do.	8-7 thru 8-10.
11-1 thru 11-7	do.	11-1 thru 11-7.
13-7, 13-8	do.	13-7 thru 13-9.
15-1 thru 15-12	do.	
15-13 thru 15-16.1	10 Feb. 75	
15-17	1 Dec 72	15-1 thru 15-18.
16-1, 16-2	do.	16-1, 16-2.
		19-1 thru 19-3.

2. PEN-AND-INK CHANGES

Page	Element	Line	Action
1	Change 2		Change date from "31 January 1975" to "28 February 1975".
2	do.		Change, "(C1)" to "(C2)" and "31 January 1975" to "28 February 1975".
viii	Attachments		Delete 21, AF Form 958, "Short Report of Claims Officer," A21-1.
1-1	1-1a(4)(b)	1	Delete "judge advocate" and insert "member of the Judge Advocate General's Department".
1-1	1-1a(15)		Change "\$1,500" to "\$2,500".
1-5	1-1b(3)(a)	3	Delete the word "military".
1-7	1-5	1	Delete "958".
		4	Change "21" to "22".
4-27	4-37a	2	Delete attachment 21.
		5	Change "\$1,500" to "\$2,500".
		6	Remove period and add "(Ch. 15, \$5,000)".
4-34	4-37b		Change \$1,500 to \$2,500.
	4-49c(1)	2	After the word claim insert, "or waiver in whole or in part under 42 U.S.C. 2651-3".
	4-49c(1)(a)	7	After payment, add "In waiver actions he proceeds according to chapter 15."
4-35	4-51a		Delete 6, after the word chapters.
4-42	Annotations		Add 4-49c, 2 AFM, Jur. 2d 522, 16 Comp. Gen. 51 (1936) and 22 Comp. Gen. 952 (1943).
6-1	6-2a	12	After the figure \$15,000 remove the period and insert a comma and add "... except claims resulting from ocean transportation of privately owned vehicles. These claims should be filed separately."
	6-3b	11	After the word property insert the word "while".
6-26	6-13b(2)		Change "\$7,500" to "\$10,000".
	6-13b(3)		Change "\$4,000" to "\$7,500".
			Insert "... Court-Martial jurisdiction or their deputy when designated by name by the MAJCOM staff judge advocate."
	6-13b(4)		Change "\$1,500" to "\$2,500". Insert after advocate "or his deputy when designated by name by the MAJCOM staff judge advocate ..."
7-4	7-10a		Change \$1,500 to \$2,500.
7-7	7-10h(b)		Change \$1,500 to \$2,500.
9-2	9-3b(3)(a)	3	Delete the word military.
9-4	9-6b(1)	3	After the word is delete "received by" and insert "tendered to".
		3	After the word Force, delete "it" and insert the "claimant".
12-5	12-4h		After rights, add But see 1974 amendments to 28 U.S.C. 2680(h).
12-9	12-12a(5)		Change \$1,500 to \$2,500.
13-2	13-5a		Change \$1,500 to \$5,000.
	13-5b		Change \$1,500 to \$5,000.
16-4	Annotations		Add 16-7b, Contract Claims Against NAF. Lawsuits authorized against the United States arising out of exchange activities (Public Law 91-350, 84 Stat. 449; 28 U.S.C. 1491).
18-2	18-9b(2)	5	Delete the words "negligence or".
18-4	Annotations		18-5a delete "5030.11, 5 March 1959" and insert "4635.1, 1 August 1973;" delete "2601; AFR 182-2;" and insert "712 (Section 5(f) Public Law 91-375); add after AFM 182-1 "and this manual".
A21-1	Attachment		Delete "AF Form 958".

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3. TABLE CHANGES

Page	Element	Line	Action
8-5	Rule 22, table 8-2, col. A...	3	After employees (note 9) add "and HQ USAF/JACC may authorize claim settlement action in appropriate cases on request."
13-4	Rule 4A, table 13-2	2	Change \$1,000 to \$5,000.

By order of the Secretary of the Air Force:

DAVID C. JONES,
General, USAF, Chief of Staff.
JAMES J. SHEPARD,
Colonel, USAF, Director of Administration.

CHANGE 4, AFM 112-1, 14 OCTOBER 1977

1. PAGE INSERT CHANGES

Remove	Date	Insert
1-5, 1-6	1 Dec 72	1-5, 1-6.
2-1, 2-2	19 Sep 75	2-1, 2-2.
3-1, 3-2	do	3-1, 3-2.
3-9, 3-10	do	3-9 thru 3-10.1.
4-3, 4-4	1 Dec 72	4-3, 4-4.
4-23, 4-24	do	4-23, 4-24.
4-33 thru 4-36	do	4-33 thru 4-36.
6-9 thru 6-20.1	19 Sep 75	6-9 thru 6-0.
6-25, 6-26	1 Dec 72	6-25, 6-26.
6-33 thru 6-36	do	
6-37, 6-38	19 Sep 75	6-33 thru 6-37.
7-3, 7-4	1 Dec 72	
7-5, 7-6	do	
7-7, 7-8	do	7-3 thru 7-7
10-1, 10-2	do	10-1, 10-2.
11-3, 11-4	19 Sep 75	11-3, 11-4.
12-7 thru 12-10	1 Dec 72	12-7 thru 12-9.
13-1, 13-2	do	13-1, 13-2.
15-9 thru 15-16	19 Sep 75	15-9 thru 15-14.

2. Write-In Changes. Wherever the terms "Claims Division" and "Claims and Tort Litigation Division" appear in the manual, delete and substitute "Claims and Tort Litigation Staff."

Page	Paragraph	Action
2-3	Fig. 2-1	Delete.
2-4	2-6d	Change second sentence to: "The Assistant Claims Officer may be an attorney, a senior noncommissioned officer (E-7 thru E-9), or a DAF employee (GS-7 or above)."
2-4	2-7a	Line change change "2-4a" to "2-4c".
2-6	Annotations	Delete 2-4 and 2-5.
3-3	3-4g (cont)	Delete.
3-3	3-4h	Do.
3-4	3-6b	Second column, line 8, delete all after "to" and insert "HQ USAF/JACC".
3-4	3-7c	Lines 4, 5, delete "a claims supervisory authority may request HQ USAF/JACC to" and insert "HQ USAF/JACC may".
3-5	3-9, title	Second line, delete "To GCM, MAJCOM, or HQ USAF/JACC".
3-5	3-11	Line 5, "commands" insert "exercising claims settlement authority under this manual".
3-6	Fig. 3-1	Delete the following commands and corresponding data codes: Air Defense Weapons Center. 21st Air Division. 46th Air Defense Wing. Air Force Special Weapons Center. USAF Southern Command. Headquarters Command, USAF. 15th Air Base Wing (under MAC only).
3-6	Fig. 3-1	For Sacramento ALC change the GCMJ code to "H".
3-6	Fig. 3-1	Change "MACE" to "76 Airlift Division."
3-7	Fig. 3-1 (cont)	Delete the following commands and corresponding data codes: SACE. 4500th Air Base Wing. TAC "G". TAC "H".

Page	Paragraph	Action
3-7	Fig. 3-1 (cont)	Change "2nd Air Force" to "8th Air Force", Change "TAC F" to "Southern Air Division".
3-17	Table 3-1	Rule 28, col. C, add "HR claims should include appropriate code from Figure 3-4A".
3-23	Table 3-3	Rule 9, col. C, delete the second sentence and insert: "Jurisdictional levels can be skipped only in accordance with paragraph 3-4e".
4-29	4-43c	Line 5, change the second sentence to: "However, this requirement may be waived by PACAF, USAF, or HQ USAF/JACC to a subordinate command in which case an alternate command will be designated".
4-31	4-47e	Second column, line 6, change "to his claims supervisory authority" to read "through claims channels".
4-36	4-58	Line 5, delete "staff judge advocate of the command exercising supervisory claims responsibility," and insert "next higher office in claims channels".
6-29	Fig. 6-2	Add note: "NOTE: Any unit in the above flow chart that does not exercise claims settlement authority under paragraph 6-13b is to be skipped."
6-45	Fig. 6-5	Change the address of COMSC to: COMSC, Atlantic Military Ocean Terminal, Building 42, Bayonne, NJ 07002.
8-3	8-3b	Col. 2, lines 3 and 4, change "Claims Division" to "Claims and Tort Litigation Staff".
8-5	Note 10	Last line, change "Claims Division" to "Claims and Tort Litigation Staff".
8-6	Table 8-3	Col. A, delete "Assistant Chief, Claims Div." and insert "Deputy Chief and Branch Chiefs, Claims and Tort Litigation Staff".
8-8	8-4d	Next to last line, change "Division" to "Staff".
9-11	9-15c(2)(a)(3)	Delete "Division" and add "and Tort Litigation Staff".
9-11	9-15c(2)(a)(4)	Change "Assistant Chief, Claims Division" to "Deputy Chief Claims and Tort Litigation Staff".
9-11	9-15c(2)(a)	Add paragraph "(5) Branch Chiefs, Claims and Tort Litigation Staff".
9-11	9-15c(2)(b)(3)	Delete.
9-11	9-15c(2)(b)(4)	Renumber as paragraph (3).
11-6	Table 11-1	Rules 5 and 6, col. C, delete "Division" and insert "Staff".
13-4	Table 13-2	Rule 7, col. B, change to read: "Forwards the case to the next higher office exercising claims settlement authority under this manual, recommending disposition to be made."
13-4	Table 13-2	Rule 9, col. B, change "Division" to "and Tort Litigation Staff".
15-5	Fig. 15-2	Rule 8, col. B, change "Division" to "and Tort Litigation Staff".

By order of the Secretary of the Air Force:

DAVID C. JONES,
General, USAF, Chief of Staff.
JAMES J. SHEPARD,
Colonel, USAF, Director of Administration.

CLAIMS MANUAL

AFM 112-1, 1 December 1972, is changed as follows:

1. Page Insert Changes. Now or revised material is indicated by a ★.

Remove	Insert
1-1 thru 1-4	1-1 thru 1-4
2-7, 2-8	2-7, 2-8
3-1 thru 3-8	3-1 thru 3-8
3-13 thru 3-16	4-33 thru 4-34.1
4-33, 4-34	5-1 thru 5-3
5-1 thru 5-4	6-6.1
6-6.1	6-13, 6-14
6-13, 6-14	6-17, 6-18
6-17, 6-18	6-25 thru 6-28
6-25, thru 6-28	6-35, 6-36
6-35, 6-36	6-49, 6-50
6-49, 6-50	7-3 thru 7-7
7-3, thru 7-7	8-7, 8-8
8-7, 8-8	13-5, 13-6
13-5, 13-6	15-1 thru 15-16
15-1 thru 15-16	19-3
19-3	

2. WRITE-IN CHANGES

Page	Reference	Line	Action
4-26	4-33a(2)	1	Change "AF Form 1205" to "Standard Form 95".
4-32	4-48b	11	Change "Tort claims paid by the GAO and the Treas-" to "Tort claims certified by the GAO and paid by the Treas-".
6-2	6-3b(2)	1	Change "\$50" to "\$100".
6-5	6-3j	7	Change "\$50" to "\$100".
6-11	Table 6-4, rule 41	13	Delete "TDY or".
6-12	Table 6-4, rule 55		Maximum payment column for adult male, change "\$1,500 per claim" to "\$2,000 per claim".
6-20	Table 6-4, note 12		Discussion column, change "Item No. 47" to "Item No. 23".
6-33	6-21a	3	Change "\$1,500" to "\$2,000".
6-34	6-21d	26	Delete remainder of paragraph beginning with "One item of".
6-37	Note 2	31	Change "30-day" to "45-day".
8-1	8-1		Delete.
12-8	12-11c(2)	24	Change "Congressional action" to "the General Accounting Office".
12-11c(3)	12-11c(3)	3	After "SF 1145" insert "(original and five copies)".
16-2	16-5a(2)	3	Change "(2) above to the Bureau of Accounts, Department of the Treasury, Wash DC 20226" to "(2) above to GAO for certification and payment by the Treasury".
19-2	19-5a	4	Delete "Exception: in Transit damage or loss claims (EMS 55-3, para 5.21; ESM 55-4, para 5.35; ESM 57-1, Chapter 6, May 1969)".
19-5b	19-5b	4	Delete "GCMSJA".
19-5c	19-5c	9	Delete "GCMSJA".
		12	Delete "GCMSJA".

By order of the Secretary of the Air Force:

LEW ALLEN, JR.,
General, USAF, Chief of Staff.
VAN L. CRAWFORD, JR.,
Colonel, USAF, Director of Administration.

Mr. DANIELSON. I yield to the gentleman from Kentucky, Mr. Mazzoli.

Mr. MAZZOLI. Thank you, Mr. Chairman. General, you mentioned that in line with the Department of State, the Air Force and the other uniformed services probably have limits in some categories of what people stationed abroad can have, or maybe even stationed domestically can have.

Will you give me just a little idea of how that is handled? I didn't get quite that same impression—I'm sure that I just didn't listen well enough to the gentleman from the State Department.

Major General REED. For technical accuracy, we don't prescribe what they can have. We prescribe the amounts that they can claim, should items in that category be lost.

Mr. MAZZOLI. So that basically they could have a sizable collection of jade, for example, but within the category of jewelry or fine art objects you could only provide a number of dollars in the event of its loss?

Major General REED. That's exactly right.

Mr. MAZZOLI. Do you have that for other sorts of categories?

Major General REED. Antiques, stamp collections, coin collections.

Mr. MAZZOLI. And so when you settle claims within this \$15,000, only as to \$1,000 of it, or \$2,000, or whatever the category prescribes—can you settle within that?

Major General REED. Yes, sir.

Mr. MAZZOLI. So if a person had no loss except for jewelry, they'd be entitled at best to a few thousand dollars and that's it?

Major General REED. Yes, sir.

Mr. MAZZOLI. In the case of a move, let me ask you a question. When you talk about these 60,000, roughly, claims, 6 of which exceeded the \$15,000, of those 60,000 would the bulk of them have been for military moves?

Major General REED. About 85 percent would be for transportation moves.

Mr. MAZZOLI. Now, of the 60,000, how much percentage would that represent of the total moves that the Air Force had?

Would you have at least 120,000 moves, say, 50 percent damage reported or something? Two hundred thousand moves?

Major General REED. I would think that it would be probably less than 50 percent in which a claim was filed.

Mr. MAZZOLI. All right, so you're talking about, probably, 150,000, 175,000 moves, maybe, for a year, from which you have, say, 60,000 claims.

What I'm driving at, because you seemed to indicate—and I'm sure that you could develop this statistically—that insurance companies will not write insurance. Now, if you have 175,000 moves, the Army has 200,000 moves, the Navy 175,000—I mean, as a budding entrepreneur, it seems to me that you probably could—in which you only have a relatively small number of losses that exceed a lot of thousands of dollars—I wonder, has this thing ever been thought of being pooled, or maybe the Government developing its own program of insurance?

Major General REED. Colonel Shreve has really talked to this and I'd like to have him speak to that.

Mr. MAZZOLI. Just briefly, because I don't want to delay anything, but I'm just curious because maybe there might be some alternative to these bills.

Colonel SHREVE. Insurance poses a real problem for the military member who gets a set of PCS orders, as we call them, permanent change of station. We've talked to numerous insurance companies along this line to see what they do offer, what the cost of that coverage might be, what the exclusions might be, et cetera.

For example, we walked to the American Insurance Underwriters Group just this morning here in Washington, D.C. They no longer sell such coverage. They ceased carrying it some time after the evacuation from Vietnam, which was a little different situation than Iran, because we didn't have people over there with full household goods. Their loss ratio was too high.

Mr. MAZZOLI. We're not talking about apples and oranges.

Colonel SHREVE. No; we're not talking about apples and oranges.

Mr. MAZZOLI. I'm not talking about the Iranian situation. I'm talking about, you know, of these several thousand moves I'm sure that most of them were in the United States; were they not?

Colonel SHREVE. All right, that's right, but the point is, this particular firm, because of an experience in Vietnam primarily, went out of the business. Their cost to a policyholder who is interested in securing that coverage was \$50 for \$2,000 worth of coverage. So you can see that's not cheap.

Mr. MAZZOLI. To go from Washington to Pittsburgh?

Colonel SHREVE. That's right.

Mr. MAZZOLI. They would charge a substantial amount of money for a move—

Colonel SHREVE. Yes, let me give you some more specifics. I'll talk in terms of the insurance companies that the military members most frequently do business with, namely, United Services Automobile Association and the Armed Forces Co-Op Insurance Association in Fort Leavenworth.

They will not write all risk policies. They will only write named peril policies. They will not cover loss either from carrier-inflicted damage, such as marring, scratching, or insect or rodent infestation or mildew or mold, and you run into that in some parts of the world, in the tropics, particularly.

They will only handle missing or catastrophic losses. They have maximums of their own, just like the services have. For example, they will only authorize the payment of \$100 for a coin or stamp collection; \$500 for furs; that sort of thing. A \$30,000 policy costs \$210. That's just an example.

Mr. MAZZOLI. My time is expired, and I appreciate that information. I'm just sort of curious that, again, this entrepreneurial spirit that we see in America so much somehow hasn't been demonstrated here, when you have this great pool of half a million moves in the United States, maybe, in which you have, you know, the usual batting average—and I'm surprised.

Thank you, Mr. Chairman.

Mr. DANIELSON. Mr. Kindness?

Mr. KINDNESS. Thank you, Mr. Chairman. I, too, was a little bit curious about the possibility of some kind of group contract coverage for insurance, but that's a whole other subject.

If the total maximum were to be increased by one of these bills, what then would happen with the individual categories of maximums—the individual maximums on categories of goods? Would they be addressed by a new set of regulations being adopted pursuant to the conferring together of the committee that you mentioned earlier in your testimony?

Major General REED. Those are periodically reviewed. And over a period I would think they would be. They would be anyway—where the \$15,000, I think, is increased to 25. They are reviewed periodically. Quite likely, in an inflationary period, as with other things there would be some sort of relative adjustment.

Mr. KINDNESS. I was surprised to note that the number of claims in the Air Force being 60,000 last year and the amount paid out totaling some \$18,637,000—would seem to result in an average of about \$310 a claim. This must be a very expensive program to administer.

Would you have any comment on that? And while we're talking about insurance, it just occurred to me that at that level of payout the administrative costs must be rather great. This is part of the problem in obtaining commercial insurance.

Major General REED. I don't have figures on the administrative costs. I think we handle it in an efficient way by providing direct settlement authority to these kinds of amounts at a local base level, and for higher amounts they come directly to the headquarters.

I think they do it in an efficient way, but they couldn't give me a breakout on the administrative costs to settle those types of claims.

Mr. KINDNESS. What I'm trying to get at is: With the average being as low as \$310, there must be a great many claims that are much smaller, and that the large claims on which we might be reasonably directing the greater portion of our concern are not very numerous in relation to the 60,000 figure.

Is that an incorrect analysis of these figures?

Major General REED. I think that that is correct. The relative number that exceed the \$15,000 is small. Now these same people that settle these claims, of course, handle a host of other types of claims. They're dedicated to medical malpractice, tort claims and frequently dealing in tort litigation, that sort of thing, so they're not devoted solely to this purpose.

Mr. KINDNESS. But it just occurs to me that very possibly with such a low average payout, you must have somewhere in the range of 2,000 or 3,000 cases at the most, out of those 60,000, that would be over \$1,000 or over \$2,000. Some portion like that, of relatively few cases that have fairly sizable amounts of money. I don't know where this is leading, except that it concerns me that there isn't some way for this to be administered with somewhat less cost than is obviously involved in it. I'm sure that that's a concern you share.

This is aside, Mr. Chairman, from the main thrust of our concern today, so I'll yield back.

Mr. DANIELSON. Mr. Hughes?

Mr. HUGHES. Thank you, Mr. Chairman. I wondered the same thing as my colleague from Ohio. Rather than speculate, I would be interested in knowing the various categories. How many of the claims, for instance, even though less than 20, exceeded \$15,000, out of 60,000 claims? I'm just interested in knowing.

Major General REED. There were 16 in the Air Force in 1979 exceeding \$15,000.

Mr. HUGHES. Yes. That's less than 20. Sixteen claims. Out of a total, I understood it, of 60,000 claims.

I would be interested in the categories. My colleague assumes, because the average was so low, that there were a lot of small claims. There had to be a lot of small claims. I'd be interested in how many claims are bumping the ceiling.

Major General REED. Between the 10 and \$15,000?

Mr. HUGHES. That's more relevant to what we're doing here. We're trying to adjust for inflation. I'd like to know how many claims, really, we're talking about, that do bump the ceiling. That to me is relevant. I also would be interested in the schedule that you apparently devised, each of the uniformed services, which puts a limit on jewelry, coin collections and so forth. Insurance companies do the same thing. I wonder if you can't share that with this committee.

Mr. Chairman, I'd like to have that for the record.

Mr. DANIELSON. I'm sorry?

Mr. HUGHES. I'd like to have for the record, from the uniformed services, the various categories and limits that are in place so that this committee could review it.

Mr. DANIELSON. It will be very helpful to us. Without objection, so ordered.

[The information follows:]

The schedule of limits on payment for items in various categories is included in AFM 112-1, which has been furnished for inclusion in the record.

With regard to the number of claims "bumping the ceiling," in 1979 in the Air Force, there were 167 claims between \$10,000 and \$15,000, out of the total of approximately 60,000 claims filed.

Mr. HUGHES. I would also like to know just what type of receipts you encourage your service personnel to maintain. What do you suggest by way of advice to them that they retain, by way of receipts for coin collections, jewelry, antiques in particular—and jewelry in particular? I presume you must have some type of policy with regard to receipts.

Major General REED. Certainly proof of ownership and value. Most of our claims—

Mr. HUGHES. You don't get a bill of sale, though, with a piece of jewelry.

What type of documentation do you insist be maintained by personnel?

Major General REED. If you don't mind, Colonel Shreve will respond.

Colonel SHREVE. I'll try to answer your question. We require all claims to be substantiated, obviously. We don't require proof of ownership unless that question is at issue. I mean, we assume ownership if the item was listed on the inventory, the shipping document. We assume it belongs to the individual involved. Proof of value, in case of loss, if the item listed on the inventory is a sofa, we go out and inspect the property—and we oftentimes do inspect it—and we see that it's been destroyed or damaged in transit, we will go out and require them to get estimates of repair or estimates of replacement value from reputable dealers in the community.

Mr. HUGHES. So you follow, pretty much, insurance procedures?

Colonel SHREVE. Yes, sir.

Mr. HUGHES. As I indicated, you don't have a bill of sale for a piece of jewelry, but you do have inventories that are maintained. You require some documentation, apparently.

Colonel SHREVE. Yes.

Mr. HUGHES. There would have to be some flexible policy. Is that the case with all branches of the service?

Colonel MOUNTS. I might elaborate, Mr. Chairman.

Mr. DANIELSON. If I may, the gentleman of the Army's just itching to tell you something here.

Colonel MOUNTS. It's one of my areas of expertise. In addition to what Colonel Shreve said, we find it particularly important that in listing it on the claim, initially, they tell us where they purchased it, how much they paid for it and when, initially. For instance, if they say they purchased it in Sears, Roebuck & Co., someplace in New Hampshire in 1975 and we have that documented and they paid a amount of money for it, and we have some query concerning substantiation, we simply phone Sears, Roebuck & Co., or write them a letter.

Mr. HUGHES. You make spot checks?

Colonel MOUNTS. Yes, sir. They have photostatic records that we can refer to.

Mr. DANIELSON. Mr. Harris?

Mr. HARRIS. No questions, Mr. Chairman.

Mr. MOORHEAD. Are these items depreciated?

Colonel MOUNTS. Yes, sir.

Major General REED. Mr. Chairman, I would like to offer our depreciation schedule and our limits on these items as reflected in the joint services schedule.

Mr. DANIELSON. Is that different from this AFM-112 that I referred to?

Major General REED. This is the current listing and it's part of AFM-112.

Mr. DANIELSON. May we receive it? The point is, if it's already in our record, we will not restate it in the record, but otherwise we will. Thank you very much.

Major General REED. It is the depreciation schedule.

Mr. DANIELSON. Thank you very much. We have a good deal of material here. So we'll be economical.

Captain, do you have anything you'd like to add?

Captain NERSETH. No, sir, I can't.

Mr. DANIELSON. How about you, Colonel?

Colonel MOUNTS. May I have just a brief moment?

Mr. DANIELSON. Yes, you sure may.

Colonel MOUNTS. One of the things I hope the committee isn't overlooking in regard to whether or not insurance is a viable alternative here is the primary mission, for instance, of our NCOs when they are given PCS orders.

Mr. DANIELSON. What's a PCS?

Colonel MOUNTS. Permanent change of station, sir, and you've got to pick up your children, and your baggage, and you've got to go—for instance, you go to Europe and immediately you are going into perhaps a training situation in Hohenfels and you'd better be sharp and you'd better be ready, because you want to be promoted—and we expect maximum from our troops, which we should.

This is really a fringe benefit we're talking about, because we're not moving in a detached atmosphere. These fellows are not accountants, they're not lawyers. Now, we certainly do give them all the counseling we can to tell them that—"You may have these problems, and try to prepare ahead for it," but in general, because of the training duties, the mission duties, the congestion, the problems of "where am I going to leave the wife; am I going to take her? Am I going to take the children?"

The idea of insurance, each time they do something like this, is not foremost in their mind. And it is something that at best is an afterthought, no matter how much you try to emphasize that as preventative law—which we do.

So to say that yes, they could insure, and really, that's their responsibility and we feel that we don't think we can really meet inflation by going to \$25,000 because really, it's their responsibility and they should do it—is something we should take a look at in the total perspective of what we really are requiring that NCO to do, with all the other competing things he has to think about.

Mr. DANIELSON. Thank you, Colonel. How about you, Colonel?

Colonel SHREVE. No, sir, I think the statement speaks for itself.

Mr. DANIELSON. I'm going to make a very, very brief statement here. We're talking about two different things: The emergency claim, which I think we all understand quite well; and the basic nonemergency claim. It has been my understanding, and I think it's shared by a good number of people in the Congress, that what we were doing was not intending to insure everybody from the cradle to the grave insofar as personal property is concerned.

We have had a claims amount that started in 1945, I believe, with \$1,000—maybe it was 1954, with \$1,000 and it has gradually crept up to \$15,000. But we've been thinking of that in the context that this is basically basic government insurance. If you want more than that, go out and buy it, that's been our theory.

The testimony here today seems to be that it's very difficult to buy additional coverage. I think we're going to have to—I don't want to hold up this bill but I do think we're going to have to look into this aspect of the law in greater detail a little bit further down the road.

We can't do it today and give you the relief you need on the emergency type of claim, but I feel we should bear in mind that whatever we do today we're going to have to look into this a little bit further down the road.

Now you, sir, said you had nothing else. Is there anyone in the room who feels they have something that has not previously been stated and which would be of material value to us in coming to a decision? Speak now or forever hold you peace.

[No response.]

Mr. DANIELSON. No one has spoken. The testimony is concluded. I have a letter from Hon. John J. Rhodes, the minority leader, reflecting a related but absolutely germane situation, but at his request I'd like to offer it to be in the record at this point. Is there objection?

[No response.]

Mr. DANIELSON. There is none.

Mr. DANIELSON. The record remains open for the purpose of being sure that we have the correct documentation to back up the testimony for today. Otherwise, the record is closed.

We now will stand adjourned so far as testimony is concerned. Now, gentlemen, if you'll put on your other hat, let's commence markup.

[Whereupon, at 3:10 p.m., the hearing was adjourned to go into executive session.]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 5, 1980.

HON. GEORGE E. DANIELSON,
*Chairman, Subcommittee on Administrative Law and Governmental Relations,
Committee on the Judiciary, U.S. House of Representatives, Washington,
D.C.*

DEAR MR. CHAIRMAN: Enclosed is a letter I received from a constituent earlier this year regarding his forced evacuation from Iran. The details of his flight are explained in the enclosure.

I have recently learned that Mr. Fuenning is no longer employed by Bell Helicopter, since the terms of his contract were prematurely terminated with his involuntary departure from Iran. He is still seeking employment comparable to his job with Bell. In the meantime, and until his search for such a position is successful, he and his wife are residing with their son in Tempe, Arizona, where he has found temporary employment at a much lower rate of pay.

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I am aware of the hearings you have scheduled for February 6, and would like to submit Mr. Fuenning's remarks for your favorable consideration. I would also like to request that his remarks be made part of the record of that hearing. Thank you for your attention to this matter.

Yours sincerely,

JOHN.

Enclosure.

TEMPE, ARIZ., April 13, 1979.

Hon. JOHN RHODES,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: I was evacuated from Iran in February; arriving back home on the 13th.

Considering the losses of property sustained by myself and other Americans and the nearly total absence of information provided by our embassy, employers or Iranian hosts with which to make a more intelligent withdrawal from that 'scene'; I am wondering if there is any movement afoot in congress to pass some legislation, similar to that special law which relieved the Cuban evacuees some years ago—directed at relieving these NEW evacuees from Iran.

At the time I left Iran, my Bell Helicopter International employer was not calling our evacuation, an evacuation. We were designated "Reduction-In-Force" (or RIF's), which seems an obvious ploy which has evidently succeeded in reducing the number of dollars BHI would otherwise been required to pay us. Indeed, as RIF's the company gave us a few days to pack, an airline ticket and a promise to pay two-weeks severance pay when we receive our "Final Pay". They also informed us in writing that once we landed in Athens or 'wherever'; we were on our own. Now I don't mind being on my own. I have been for many years. What I do object to most strongly, is (1) the lack of information on which to base a sane decision on whether to leave Iran, or stay, (2) a company changing their pay policy in the middle of a crisis by the simple expedient of renaming evacuees RIF's, (3) the apparent abandonment of any responsibility to their (BHI's) employees, by BHI, outside of a ticket, per diem to your first stop and 'best wishes', and (4) the fact that more than two months later I (and I suspect many other BHI rif's) have still not received their "final-pay" containing the magnanimous two-week severance "settlement".

I have learned to expect little or no help from B.H.I. concerning any of the individual problems related to financial and property loss incurred during my employment contract with BHI. Special legislation similar to that passed by congress for the relief of Cuban evacuees would seem our best, 'long-shot' hope.

Respectfully,

WILLIAM G. FUENNING.

[The following letter was received for inclusion in the record.]

NATIONAL CAPITAL OFFICE,
NON COMMISSIONED OFFICERS ASSOCIATION
OF THE UNITED STATES OF AMERICA,
Washington, D.C., April 18, 1980.

Hon. GEORGE E. DANIELSON,
Chairman, Subcommittee on Administrative Law and Governmental Relations,
House Committee on the Judiciary, Cannon Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: It is noted that your distinguished subcommittee approved the bill, H.R. 6068, as amended, that provides for the settlement and payment of claims of civilian and military personnel against the United States for losses in connection with the evacuation of such personnel from a foreign country.

The Non Commissioned Officers Association of the U.S.A. (NCOA) will be most appreciative of its support for the bill is included in the record and, if appropriate, mentioned in your remarks to the House membership whenever the bill goes to the floor for consideration.

NCOA had written earlier that it was interested in having a spokesman appear before the panel to offer the views of its members. However, it appears that the bill was adequate in itself to have only a short discussion before mark up was completed.

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The bill is an excellent one and blankets many of the financial difficulties that must be sustained as a result of current statutes. Higher prices, higher inflation and higher risks blend together to make shipments of household goods overseas and in the United States an apprehensive experience for both military personnel and government employees.

The problems encountered by some U.S. military personnel and government employees, who were evacuated from or suffered losses as a result of overseas assignments, need to be addressed and resolved by Congress as soon as practical. The current maximum of payment at \$15,000 under the Military Personnel and Civilian Employee's Claim Act is not sufficient to adequately recompense their losses.

NCOA is in total agreement with the bill, as amended, and urges its immediate passage.

With grateful acknowledgement for the concern you, the members and staff have shown in behalf of military personnel and government employees, I am,
Sincerely,

C. A. "MACK" McKINNEY,
Vice President for Government Affairs.

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